PROPOSED REGULATION CHANGES FOR REFUGEE ASSISTANCE

HEARING

BEFORE THE

SUBCOMMITTEE ON
IMMIGRATION AND REFUGEE POLICY

OF THE

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

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ON

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PROPOSED REGULATION CHANGES FOR REFUGEE ASSISTANCE

TUESDAY, FEBRUARY 9, 1982

U.S. SENATE,
SUBCOMMITTEE ON IMMIGRATION AND
REFUGEE POLICY,
COMMITTEE ON THE JUDICIARY,
Washington, D.C.

The subcommittee met, pursuant to call, at 2:05 p.m., in room 2228, Dirksen Senate Office Building, Hon. Alan K. Simpson (chairman of the subcommittee) presiding.

Present: Senator Hatfield.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, A U.S. SENATOR FROM THE STATE OF WYOMING, CHAIRMAN, SUBCOMMITTEE ON IMMIGRATION AND REFUGEE POLICY

Senator SIMPSON. We will proceed with the hearing.

We focus today on proposed changes to current regulations on Federal reimbursement to the States for cash and medical assistance related to refugee resettlement.

I very much welcome the participation of my good colleague from Oregon, Senator Mark Hatfield, who is chairman of the Committee on Appropriations. This issue is a matter of grave concern and interest to him as well as many other Senators.

This active and regular consultation process between the executive and legislative branches is important to us in determining not only the level of refugee admissions to the United States but also in promulgating the principles related to refugee resettlement which are expressed in the Refugee Act.

It is in this oversight capacity, then, that we take the opportunity to hear the testimony of the Department of Health and Human Services as it relates to the regulatory changes proposed by the administration, as well as to listen to the commentary of representatives of the State and local government agencies which will be most critically affected by those changes.

Refugee resettlement is a challenging and difficult task and, as stated in the Refugee Act, requires cooperation among the Congress and various executive agencies. Each has its own unique role to play.

It is clear that the proposed changes in regulation represent, hopefully, a step toward greater equity between refugees and citizens in terms of eligibility for assistance programs. This is an important factor which I stressed during the fiscal year 1982 refugee consultation as a most necessary step in alleviating community tensions which arise from this discrepancy.

The proposed regulations also represent a substantial cost savings for the budget of the Office of Refugee Resettlement.

I would say that I have been and continue to be a staunch supporter of the President in his efforts to reduce Government spending, an awesome task that has never been addressed properly in the last many years, so the issue of the budget is important.

Indeed, the amount of funding has great implications for the number of refugees we can admit. If the consultation process is to function properly, we must weigh the amount of our resources that can be expended for those persons in terms of how many can be brought in under the consultation process. If we can't care for them properly because of insufficient resources, then we must address the numbers who can be admitted.

So in order to achieve cost savings, I think we must weigh these policies which reaffirm that refugee resettlement is primarily a Federal fiscal responsibility, since both admissions levels and the goal of promoting refugee self-sufficiency as swiftly as possible are established by Federal law.

I am stunned at the figures that are presented to this subcommittee which indicate that the dependency rate of Indochinese refugees in the United States has risen continually. Those figures are: fiscal year 1978, 33 percent dependency; fiscal year 1979, 37 percent dependency; fiscal year 1980, 49 percent dependency; and fiscal year 1981, 67 percent dependency. That is not what we intended to do when we brought these people to our shores.

Then there is an additional item on the agenda for the subcommittee, although we have really not lacked anything to do, I can assure you. But I believe that by working together we can assure that these principles of our present law will be carried through for the benefit of our refugee resettlement effort and, hopefully, then, for the benefit of citizens, refugees, and all Americans alike.

This is to see that the program promotes equity in eligibility for assistance and benefit levels between citizens and refugees as soon as is possible in order to avoid the hostilities which result from those differences.

So with that, my good colleague from Oregon, it is nice to have you here. We appreciate your presence and your interest in this issue.

OPENING STATEMENT OF HON. MARK O. HATFIELD, A U.S. SENATOR FROM THE STATE OF OREGON

Senator **Hatfield**. Mr. Chairman, I wish to express my appreciation for your allowing me to join in the hearings here today.

Not only as chairman of the Appropriations Committee will this have a direct bearing on our future consideration in hearings, but as a Senator from a State that will be greatly affected by these proposed regulations, I appreciate your acknowledging my interest in this area and allowing me this privilege.

I also appreciate the support the chairman has provided in correspondence I recently directed to Secretary Schweiker on this matter, and for the responsiveness to the situation.

One of my concerns about the regulations that we will be discussing today is that there seems to be a lack of consideration given to the impact of these regulations on the States and counties that have been so generous in opening their doors to refugees, and Cuban and Haitian entrants.

In Oregon, we have the seventh largest refugee population nationwide, and the third highest refugee population per overall population. The State has been more than willing to assist the Federal Government in resettling refugees, yet has been virtually ignored in the drafting of these regulations and it is not alone in this concern.

No consideration was given to refugees residing in States without general assistance programs. Little thought was directed toward the ability of States like Oregon with high unemployment, and our unemployment is now at 11.3 percent and we expect it to reach perhaps 12 percent by the last of February. We have 40 and 50 percent unemployment in some of our mill towns. I believe these and other concerns must be addressed before the Department proceeds with implementation.

I am also very interested in exploring with HHS the fiscal condition of the refugee and the entrant programs, since one of the reasons put forward for the regulations is fiscal austerity. It will be important to explore the justification for regulations and possible alternatives.

I trust Mr. Hawkes is prepared to discuss the budgetary impacts of the regulations and will be able to provide the committee solid justification for this major change in refugee policy.

Once again, Mr. Chairman, thank you for allowing me to sit in with your subcommittee today, and for acknowledging my interest in this matter.

Senator SIMPSON. Indeed, and I thank you.

So our first witness in this hearing will be Mr. Phillip N. Hawkes, the Director of the Office of Refugee Resettlement of the Department of Health and Human Services.

It is good to see you again, sir. We appreciate your appearance here today, and look forward to your testimony.

STATEMENT OF PHILLIP N. HAWKES, DIRECTOR, OFFICE OF REFUGEE RESETTLEMENT, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. HAWKES. Thank you, Mr. Chairman, Senator Hatfield, members of the committee staff.

I have submitted for the record a prepared statement, and I would like to summarize that, if I may.

We are expecting to finalize and implement a new cash and medical assistance policy for refugees by the 1st of March. I would like to briefly outline the steps that were taken in making this policy change.

In 1980, a decision was made that there needed to be perhaps, some changes in the refugees program, specifically with respect to the portion of the refugee assistance program which is available for refugees who do not meet the categorical requirements for AFDC. The need was, first of all, to bring some parity into the program between assistance available to refugees and nonrefugees and second, to try to increase employment incentives for refugees and reduce Federal costs.

At that time, approximately a third of the refugees in the United States were on assistance, and more than half of those were employed, but not at a level high enough to support themselves, so they received supplementary assistance.

There were consultations and national discussions in the late part of 1980 and early 1981 around such a policy move. There were some criticisms; however generally there was support for some kind of change.

In 1981, things began to change rather drastically. First, as you cited, dependency levels increased, until in August of last year the dependency of refugees on assistance was about 67 percent. Moreover the refugees had begun to regard the 36-month federally funded program as an entitlement. The word was out in the refugee camps that you could come to the United States and live on Government assistance for 36 months. Some refugee groups urged their members to attend school for 36 months to get as much English and employment training as possible and thereby enter the job market at the highest possible level. The cumulative effect of this was to establish in a whole group of refugees the expectation that they would have 36 months to gear up for life in America. In addition some of the employability programs developed by service providers were actually 30-odd months in duration, and the persons served were not even expected to go and look for a job during that period of time.

We considered a variety of policy options, before proposing the changes that we did. We considered reducing the level and/or the duration of Federal support for refugee assistance. We also considered reducing the level and/or duration of the refugee cash assistance program—that is, the assistance provided to refugees who do not qualify for AFDC. We believed that it was most important to meet the cash and medical assistance costs of refugees incurred by States for the full 36 months, and we, therefore, tried to stay with options that recognized that responsibility. We also recognized that refugees need social services, cash assistance, and medical assistance most severely when they first arrive.

We chose to modify our policies affecting those people do not qualify for AFDC. We believe that those individuals that can most easily access the employment market, because they are, basically single adults, childless couples, and two-parent families. For those persons who qualify for assistance on the same basis as U.S. citizens qualify under AFDC or other programs, ORR would continue to reimburse the States for those costs for the full 36 months.

The proposed policy change was part of our budget requests of January and March of last year. At that time we were considering a change which would provided for 18 months of full AFDC-level benefits and 18 months of half of the AFDC benefits for this noneligible population. However, when I informally sent out such a proposed rule through the ORR regional offices in about July of last year, we received overwhelming and strenuous objections from the States that a policy modeled on 50 percent of AFDC for the second 18 months was administratively unmanageable.

In response, we developed the policy which we are now hoping or expecting to implement March 1. That is for the first 18 months that refugees are in this country, they will receive benefits the same as are currently in force. For the second 18 months, they will receive benefits only equal to what a U.S. citizen would receive.

Therefore, if, after 18 months in this country, a non-AFDC eligible refugee lives in a State, county, or city which provides general assistance, the refugee may receive such assistance as long as he meets all the requirements for the local general assistance program. We cannot legally deny that city, county, or State aid to refugees if they qualify. However, we can pick up the cost for that aid. Therefore, our proposed policy states that we will reimburse the States if they wish to be reimbursed for the cost of such programs.

Our proposed policy was also made necessary in part, to meet our budget requirements. However, we believe that this policy change is needed in order to send a very firm message to the refugee population that our assistance is not a 36-month entitlement and to encourage the population that should be able to access employment to do so in less than 36 months.

Comments received on our notice of proposed rulemaking published December 11 in the Federal Register generally addressed several issues: that the duration and level of assistance were inadequate; that the proposed February 1 implementation date was difficult to meet, that the $30 and one-third rule either should be changed or left as it was, that the proposal would unfairly affect the Cuban and Haitian entrants, and that there were problems in using the general assistance program for Federal reimbursement. The Department of Health and Human Services is currently finalizing responses to those comments.

Thank you.

Senator SIMPSON. Thank you very much, Mr. Hawkes.

I have some questions.

Would you explain, as your Department sees it, what would be the long range impact of these proposed changes upon the States, upon the voluntary agencies, and on the refugees. In your observation of that impact, would you share with us any studies or statistics which would corroborate that impact?

Mr. HAWKES. We would continue to pick up the costs which States are required to pay by law. That is for the AFDC and general assistance programs that these people are eligible for and access, we will continue to reimburse States for these costs for the 36 months.

Other costs are harder to define, especially in terms of what the effect will be for a number of people who will not have any program that they can access. However, we currently have American citizens in that same condition. Through our programs, we provide special services to refugees for the first 18 months in this country. After that, we are proposing that they be required to qualify on the same basis as citizens for public assistance. However, for the refugee and entrant population, we are picking up the cost to the States. There is, I believe, some misperception in regard to what this policy change does. One of the questions that has been directed to us quite frequently is, "Why do you make assistance available to refugees in a general assistance State and do nothing in a nongeneral assistance State, county, or locality?"

We are, in fact, only reimbursing costs that we cannot prevent. If, after 18 months of refugee assistance, a refugee qualifies for general assistance in his State of residence we will reimburse the State, if it so chooses, for the provision of GA to that refugee. We are not creating a system where refugees will get additional aid not available to citizens because the refugees live in a GA State. It will do a refugee no good to migrate to a general assistance State unless he meets the eligibility criteria for general assistance in that State.

At this point, I cannot point specifically to any cost that we are transferring directly to States.

With reference to impaction, if this policy change is perceived as the Federal Government backing away from full Federal responsibility, then there perhaps could be some reluctance on the part of States and localities to continue to accept the current levels of resettlement. We are already working closely with voluntary agencies to manage the levels of resettlement in various areas better. One of HHS' projects at present is to develop and to implement a new targeted resettlement program, with assistance from both public and private sectors to direct refugees away from areas of heavy impact to other areas in the country where there is more suitable employment and housing available. So with HHS' current emphasis on refugee resettlement in new and nonimpacted areas, I do not see that the impact of our proposed regulation on the voluntary agency effort would be great.

With respect to the refugees themselves, there will undoubtedly be some degree of hardship. I could not possibly sit here and tell you that there will be no difficult hardship cases. But the message has to be sent to the refugee community to make people aware that they have to adjust to this country, face the difficulties, and go to work the same as citizens. We believe that there is a mentality among many refugees that must be changed. Refugees have told me in person in various areas of this country that they have a 36-month entitlement to public assistance and that they cannot go to work and go to school at the same time. This mentality has got to change. We see our proposed policy as a way to bring that about.

Senator SIMPSON. You did think that perhaps there can be a significant change in these levels of secondary migration? Do you think that that can be brought about? That is a phenomenon that is very real.

Mr. HAWKES. The draw already exists. There is tremendous difference across the country in general assistance and AFDC levels. If people are going to move because the benefits are better somewhere else, there is already plenty of incentive to do that. I don't think that this policy proposal will cause significant additional secondary migration.

Secondary migration, as a result of our new policy, is possible; it is one solution in extreme hardship cases. But some States already have programs in operation that are targeted to help those people who are going to be losing their assistance. When I was last talking to some of these State officials, the February 1 date—which has been changed to March 1—was already recognized, and they were particularly targeting assistance and job hunting to those people affected by our new policy to reduce the number who would be adversely affected.

Senator **Simpson**. Could you just briefly, for the record, describe the type of coordination that your office has had with other interested Federal agencies or even constituent groups in preparing these proposed regulations which have caused such concern?

Mr. **Hawkes**. Senator, I became involved with the HHS refugee program last February, and I later took this office. The original cash and medical assistance policy proposal—that is, for non-AFDC eligible refugees, 18 months of 100 percent of the AFDC-level benefits, then 18 months of 50 percent of the AFDC-level benefits—was made in November 1980, well before I got here. For the last year and some months, we at HHS have discussed that policy and variations on that policy with anybody who would listen to us.

In general, when I arrived last year, I perceived that there was some agreement that there needed to be some change in the existing policy, because it was in fact, encouraging people to remain on assistance. As the dependency level continued to rise, budgetary restrictions have forced us to be a little more severe than we perhaps would have been were the dependency level less than what it is. I have traveled extensively in the United States and have spoken to regional and national voluntary agency representatives, and State and local government representatives. There has certainly not been any overwhelming agreement that this policy was the best possible, or that there might not be better variations given different circumstances. However I don't think it is any surprise to anybody in the refugee industry, that whole mass of people nationally concerned with this program that a change in policy is necessary.

Senator **Simpson**. You call that the refugee industry?

Mr. **Hawkes**. Yes, Senator, at this point, with the amount of money involved, the numbers of people, I call it the refugee industry.

Senator **Simpson**. Let me say to you, that was not a flip statement. We find that, indeed, it approaches the size of an industry. It is something to which the subcommittee has given particular attention. In visiting with the people of the voluntary agencies, even when we speak about reducing the level of refugee admissions, there are some within those constituent groups who say, "That could mean a lack of activity in my particular area." We often hear that figures for bona fide refugees coming out of Poland are exaggerated to create new interest, and so on.

It is interesting. I am fascinated by that myself. Leave it as a fascination of the chairman of the subcommittee, I guess, at that.

What I want to address, and then Senator Hatfield has questions, is the dependency rate. What impact will these existing regulations have on the refugee dependency rate. Do you think that these regulations will alter that dependency rate in any way?

What data do you have to support those projections The subcommittee, and the full committee, if it is to function properly in the consultation process, must have the certainty that we have the resources in this country to take care of the numbers of people that we choose to bring here, or who arrive here under the asylum provisions of our law and under the U.N. protocol.

So there we are, and this dependency rate now has gone from 33 percent in 1978 to 67 percent. I don't think that that is what the American people and the Congress had in mind when they were talking about transitional support from 18 to 36 months. I would like your views on that.

Mr. HAWKES. Of course, merely the policy change itself will change the dependency rate because it will make a certain number of refugees ineligible for benefits. The dependency rate is the ratio of the number of refugees on assistance to the number of refugees in the country within the last 3 years. With the policy change, a smaller percentage of the refugees will be on assistance, thus changing the dependency rate.

More importantly, I think, the word is out in the refugee communities, among the mutual assistance associations, and in the political networks that exist among refugee groups, that the dependency rate has to go down, that ours is not an openended program, and that refugees are expected to go to work, that entry level jobs are better than taking English and hoping to get a better job down the road.

In sum, the immediate impact on dependency is in terms of eliminating people from the rolls. There will also be a secondary impact on dependency as the word goes out that the costs of our program have reached levels which will not be borne.

Senator SIMPSON. I think that it would be helpful to the subcommittee to believe that the dependency rate would come down as a result of these changes. That might be helpful, yet we must recognize that we must have a transitional program to protect these people.

I have pursued that in previous hearings, although not to this degree. Indeed, we could have nothing in refugee resettlement without the voluntary agencies.

Let me go to Senator Hatfield, I can come back, perhaps. I would like to stick with the alloted time and the agenda.

Senator Hatfield, please.

Senator HATFIELD. Thank you, Mr. Chairman.

I wonder if I could submit a number of my questions to Mr. Hawkes in writing for some written response, rather than taking the full time here today.

I would only like to state my reservation about the rate of dependency. I think we have to consider the great variations within the refugees themselves.

Seventeen percent of the refugees, who now total some 17,000 that come into Oregon, come from the Hmong tribes. These are preliterate people in that they have no written language, and we are in the process of having to write a language phonetically and create a language, a written language, to make these people literate. Thirty-six months to make them literate beginning from a preliterate status is not, I don't think, an outrageously long period of time.

So I think if you compare that kind of person to some of the other refugees who come here as literates, you have to have flexibility in your rules and your regulations to understand and accommodate those variables.

I would like to go to the financial relationship between the change of these regulations and what you anticipate to be your savings.

First of all, I would like to know, as of February 1, what has your agency distributed to the States under the refugee and Cuban/Haitian programs. You may provide this for the record, if you do not have it immediately available at hand.

Second, I would like to know, the figures that you will give me in that first question, are they given to the committee to reflect all unobligated balances? Do they include or do they exclude any of the funds being withheld by OMB? If so, how much is being withheld and why?

Then I would like to know also—I will give all of these to you in writing, but I want to give you the flavor of what I am trying to get at—what funds would remain after the funds for the second quarter have been distributed under the current regulations, and how much will be left if the proposed regulations go into effect on March 1.

I would also like to know, are any of these funds being withheld due to anticipated or unexpected increases in refugee flows? Do you expect any changes in these flows now, or in the immediate future?

I would like to know what proportion of refugees currently receiving refugee cash and medical assistance would become ineligible for the assistance under the proposed policy change, and how many of these refugees would qualify for general assistance.

My State does not have AFDC for singles, or for unemployed parents, and it has no general assistance program, yet with 3 percent of the refugee population, we are expected to bear 15 percent of the savings under these regulations.

How many of these people do you expect to be picked up by the States' and counties' general assistance programs? What regulations are you functioning under today, the anticipated changes, or the existing rules.

Those are 4 or 5 out of about 30 questions that I would like to submit to you for the record, because I want to accommodate the timeframe that the chairman has. I don't want to assume to include in this hearing a lot of time taken out for what would be eventually considered by the Appropriations Committee anyway.

But I want to give you notice with these questions, we are going to be looking very carefully in the appropriations process for your requests, and you had better have a pretty good handle on the relationship between those changes in regulations and some very hard data as to what you can save in the funding or the fiscal picture.

Would you like to make some general comments?

Mr. **Hawkes**. Senator, some of those questions I could answer right now, and some I would prefer to give in writing. As there are so many, perhaps it would be just as well to give them all to you in writing.

However, I would like to say that this proposed policy change at this point produces no savings this year. Our fiscal year 1982 budget was predicated on a 49-percent dependency rate for the existing refugee population in the United States, and on implementation of a policy change on October 1. We have delayed implementation until March 1, and we have a dependency rate of 67 percent.

We need to make this change to stay within this year's budget, and we need to make it now. We are faced with that imperative.

Senator HATFIELD. You have another assumption on a different flow of refugees, too. You talk about one budget assumption, but you had another budget assumption of a refugee flow of about 8,300, which is in reality about 5,000?

Mr. HAWKES. Yes, sir, but the flow coming in this year really does not affect our cash needs to a great extent. What does affect our funding need is the accummulated flow of refugees to the United States over the last 3 years and the percentage of those people that are on assistance. It is true that fewer refugees have arrived recently than actually were projected. However, costs have been so much higher than projected, that they more than offset the saving.

However, we certainly will provide all that data to you in writing.

Senator HATFIELD. When you are proposing a fiscal 1983 appropriation, you are going to have to come in with some budget assumptions, and one of them is going to have to be the flow.

Mr. HAWKES. That is right.

Senator HATFIELD. My information is that you are off that target already, so that would have some impact on your preliminary budgetary assumptions that have comprised the announced budget by President Reagan this week.

Mr. HAWKES. Yes, sir; it does.

Senator HATFIELD. Is that not true?

Mr. HAWKES. That is true.

Senator HATFIELD. Are you functioning under the anticipated changes, or are you, as of this moment in your February distribution, functioning under the regulations as in place?

Mr. HAWKES. We issued second quarter grant awards which took into consideration the policy change.

Senator HATFIELD. So you are now really in a second quarter distribution on an anticipated change of regulations.

Mr. HAWKES. That is right.

Senator HATFIELD. How much does that save in your budget?

Mr. HAWKES. We do not have exact figures, however we estimate that it would cost us something between about $17 and $25 million per month not to implement these proposed policies.

Senator HATFIELD. Between $17 and $25 million?

Mr. HAWKES. Yes.

Senator HATFIELD. At what flow rate?

Mr. HAWKES. These costs are based on the current flow rate, which is down some from the projection.

Senator HATFIELD. It is down from the projection?

Mr. HAWKES. Yes.

Senator HATFIELD. Mr. Chairman, I am not going to pursue this further at this time, but I do want to indicate that I think the hearings will complement one another as we consider these policy changes.

I do feel a justification for these policy changes in terms of tightening the budget, becoming more austere, ought to produce some very solid data and some very solid statistics, so that when we take up the appropriations process, you can prove your case.

Mr. **Hawkes**. We will.

Senator **Simpson**. The judge has spoken.

Mr. **Hawkes**. Yes, sir.

Senator **Simpson**. Let me just say, too, I really believe that this could be a portent of a good opportunity for sharing information.

The Judiciary Committee is required by law to participate in the consultation process, and the administration presented an original figure of 173,000 refugee admissions for 1982 on which they went to work on the budget. At one time, I understood that the budget would be adequate for that. In the consultation process, we came up with 140,000 as the final figure, 100,000 of those being Indochinese, and now we find that there is a shortfall in Federal funding for the refugee program.

So I can assure that as chairman of the subcommittee, I would be very pleased to work with you this week. When we get to consultation time, let's get to budget time, too, so that when we select our figure through the consultation process, we fund this humanitarian venture properly. That is a thought, strange as it is, I realize.

Senator **Hatfield**. I think that it might well become a model for an awful lot of other relationships between the authorizing committees and the Appropriations Committee. As you know, we have often said that an authorization is but a hunting license, it is issued by the committee for some agency or some group to go after some appropriated funds.

With 22 percent of the total budget today only in the discretionary funding level, it makes our base far more competitive, it makes the demand for accuracy far greater. So I am very anxious to work with the authorizing committees not only in this area, but in all the other areas, to reach some kind of common targets and data base upon which to make some very important judgments.

Senator **Simpson**. I thank you.

I just have one other question, and I don't want to leave that inappropriately referenced, and that was in regard to the dependency rate.

The figures I was using were based upon a dependency rate for Indochinese refugees. Do you have a dependency rate figure, say, on Cuban/Haitian entrants?

Mr. **Hawkes**. No, Senator, I don't.

Senator **Simpson**. You can furnish that for the record.

Mr. **Hawkes**. I can get you that right away.

Senator **Simpson**. Again, it is the Indochinese and the recent Cuban/Haitian entrants that seem to require the greater degrees of public assistance. Whereas, I think in the Polish community and the Jewish community there is a greater inner-support system there, with those groups within the United States. Therefore, our attention has to be addressed to these others. It is unfortunate that we have to get into numbers per ethnic group, but I guess that is where we are in our oversight capacity, regrettably.

I thank you. I have some further questions that I will submit to you in writing.

I will just ask you one further question. When were you first aware of the shortfall in funding, because during the consultation process, I did not realize that we were headed there?

Mr. HAWKES. Senator, I don't want to be argumentative, but it wasn't a shortfall. The fiscal year 1982 budget always assumed that there would be a change in cash and medical policy, going all the way back to the original 1982 budget submission from the Department. We knew, within the figures that were submitted last spring, that we could not continue the status quo. We have always known that there would need to be a policy change. The exact policy itself, what it would be, has been the matter of debate and discussion for a year.

Senator SIMPSON. All right. I thank you very much, Dr. Hawkes.

[The prepared statement of Phillip N. Hawkes and responses to questions by Senator Hatfield follow:]

PREPARED STATEMENT OF PHILLIP N. HAWKES

Mr. Chairman, members of the Subcommittee, I am pleased to be here to discuss the changes in domestic refugee and entrant resettlement policy recently proposed by the Department of Health and Human Services (HHS).

The Department is in the process of finalizing new regulations on cash and medical assistance policy for refugees and entrants to be effective March 1, 1982. Today, I will summarize our previous policies and our reasons for wanting to modify them. Finally, I will summarize the comments we received on the Notice of Proposed Rulemaking which was published on December 11, 1981.

CURRENT PROGRAM/BUDGET POLICY

The Refugee Act of 1980 authorizes up to 100 percent reimbursement of cash and medical assistance provided to any refugee during the refugee's first 36 months in the United States. Refugees who meet all the eligibility requirements of AFDC, SSI or Medicaid receive aid under those programs. For the first 36 months that these refugees are in this country, HHS reimburses the States' share of costs to assist them under AFDC, SSI, and Medicaid. Also, HHS provides 100 percent reimbursement for AFDC-level benefits and medical assistance provided to non-categorically eligible refugees. These are refugees who do not meet family composition and other requirements of AFDC, SSI and Medicaid but who would be eligible based on income. Cash and medical assistance to non-categorically eligible refugees is called Refugee Cash Assistance and Refugee Medical Assistance respectively. Thus, States absorb no assistance costs during the refugees first 36 months in the United States.

In addition, the Refugee Act permits States without a medically needy program, to provide medical assistance to medically needy refugees (during their first thirty-six months) who have incomes above the Medicaid eligibility standard within certain limitations.

Changes in refugee eligibility for cash and medical assistance trigger changes in Cuban/Haitian entrant eligibility for such assistance because the same criteria apply in both programs.

In 1980, HHS decided to implement policy changes in FY 1982 which would have reduced the disparity between benefits available to refugees and non-refugees, reduced Federal expenditures, and increased refugee employment incentives. The policy in the FY 1982 budget continued 100 percent reimbursement of State costs and provided medical assistance to all needy refugees for three years. Regarding cash assistance, however, the budget assumed the following changes:

- o Refugees categorically eligible for AFDC and SSI would continue to receive full benefits under those programs, with Federal reimbursement of State costs for the refugee's first 36 months in the United States; and

- o Refugees not eligible for AFDC or SSI because of failure to meet categorical requirements of those programs would receive benefits on one of two bases: (1) in the States without an "acceptable" general assistance (GA) program, refugees who meet the AFDC financial requirements would receive 100 percent of the State's AFDC-level benefit during the first 18 months after arrival and 50 percent of the AFDC-level benefit during the second 18 months; (2) in States with an "acceptable" GA program, refugees who meet the GA program's financial requirements, but not necessarily its categorical requirements, would receive GA-level benefits during their first 36 months.

Based on concerns raised regarding elements of the proposal, the Department began to explore additional approaches.

It is important to note that HHS consulted during the 1980 policy deliberation process with individual States, voluntary agencies, the National Governors Association, the National Association of Counties and the American Public Welfare Association among others. In general, the consultations indicated support for modifying the three-year AFDC-level benefit policy for non-AFDC/non-SSI eligible refugees.

In addition, the President's Interagency Task Force on Immigration and Refugee Policy deliberated on cash and medical assitance policy and supported revising the policy under which all needy refugees receive full AFDC-level benefits for up to 36 months.

Major factors leading to the consideration of alternative policies were indications that increasing numbers of refugees were relying upon cash assistance versus employment. Prior to 1979, refugee welfare levels stayed around the one-third mark. In addition, about two-thirds of those refugees who were receiving assistance also had earnings from employment and were receiving only partial aid to supplement low earnings in large families.

After the Refugee Act was enacted early in 1980, we began to notice an increase in the number of refugees relying upon the cash assistance programs. The reasons for this increase are many, but no doubt include how the programs were perceived by the refugee population. We believe that our changes to these programs will reinforce the time-limited aspect of the special Federal assistance in this area, and minimize the erroneous notion that these programs are open entitlements or substitutes for employment earnings.

As we proceeded in the policy development process, we attempted to balance several key factors including: greater equity between assistance to refugees and non-refugees; reimbursement to States to offset the assistance cost burdens associated with resettlement; the need to promote self-sufficiency; and the need to reduce the administrative burden of implementation for States and localities.

We considered several options. Some would have reduced both the level and duration of Federal reimbursement. Some would not have allowed reimbursement for costs incurred to assist refugees under State and local general assistance programs. Some would have shortened the period of special refugee cash and medical assitance to less than 18 months. Still all others would have required percentage phasedown in the level of benefits and increased the complexity of program administration.

In considering options, we took into account that the Refugee Act permits, but does not require, Federal reimbursement of 100 percent of the assistance costs that States would be required to incur under their ongoing assistance programs during a refugee's first 36 months in the country.

We concluded that options which met two general criteria were preferable to those which did not:

- First, that it would be preferable to meet the cash and medical assistance costs of States for 36-month period; and

- Second, that it would be preferable to provide an initial period of general eligibility for refugees for cash and medical assistance, in recognition of their need for a transition period; the fact that they may have initial health problems; and the fact that the initial need for aid would not follow the categorical types of assistance which were developed for citizens based on family composition, age, disability, or previous participation in the labor force.

Based on our previous consultations with States, we also concluded that, in order to avoid administrative complexity to the extent possible, policies should be avoided which proposed reductions in the assistance level (for example, to 50 percent of the AFDC level) or which made it mandatory for States to enter into relationships with locally funded and administered GA agencies.

We want to re-emphasize that a change in refugee cash and medical assistance policies was identified in the Department's budget requests submitted to the Congress in January and March 1981, and was frequently referred to by the Under Secretary during the September 22, 1981, consultation with this Committee. Given your acceptance conceptually of changes in cash and medical assistance policy, we modified our original proposal to compensate for comments received from the States and localities on the administrative complexities of the original proposal and to live within the limits of existing appropriations.

We believe the policy we proposed in December represents a fair and optimal balance of essential program concerns.

PROPOSED POLICY CHANGES

Under the new regulation, a State would continue to determine eligibility and calculate the Refugee Cash Assistance payment according to the State's AFDC need standard and payment level during the 18 month period which begins with the month the refugee entered the United States. However, a $30 plus one-third disregard would not be applied in determining the eligibility of refugees. The $30 plus one-third or other applicable disregards would continue to apply in determining benefits to refugees receiving AFDC.

Eliminating the $30 plus one-third disregard in determining Refugee Cash Assistance eligibility would reduce the special treatment previously afforded to refugees not eligible for AFDC. A $30 plus one-third disregard is not generally applied in State or local GA programs on which non-refugees must often depend when they are ineligible for federally funded programs.

With respect to Refugee Medical Assistance, the new regulation would not change eligibility policy during a refugee's first 18 months in the United States, except with respect to application of the $30 plus one-third disregard as explained above.

The new policy would make the duration of Refugee Cash Assistance and Refugee Medical Assistance coincide, and, after a refugee's first 18 months in the United States, provide for cash and medical assistance to refugees on the same basis as other needy State residents.

During the non-categorically eligible refugee's second 18 months, the State would have the option of seeking reimbursement under the Refugee Resettlement Program for financial or medical assistance provided under a State or locally administered and funded GA program to any refugee who is eligible for and receives aid under such a program. A State could but would not be required to seek reimbursement for all or any part of State or local GA program expenditures resulting from provision of assistance to an eligible refugee. A State could not establish a GA program which limits eligibility to refugees, but the State otherwise would have discretion on whether to claim allowable State or local GA program expenses from Refugee Resettlement Program funds.

The regulations would also establish the rules for federally reimbursable assistance to Cuban and Haitian entrants under the Cuban and Haitian entrant program. Pursuant to the Department's interpretation of legislative intent in the enactment of the

Refugee Education Assistance Act, the rule would provide federally reimbursed cash and medical assistance and services to Cuban and Haitian entrants under the same conditions and to the same extent as such assistance and services are made available to refugees.

The new regulation pertaining to Cuban and Haitian entrant programs also would provide that procedures and requirements identical to those applicable under the Refugee Program for Federal reimbursement of State costs, including those relating to the submission and approval of State plans, are also applicable to Cuban and Haitian entrant programs.

The regulation also would establish the period of time for which the Federal Government will reimburse cash and medical assistance costs incurred on behalf of a Cuban or Haitian entrant. Under the Cuban and Haitian entrant program, reimbursement starts from the date on which the entrant first was granted parole status under the Immigration and Nationality Act or on which an individual meeting the definition of "Cuban and Haitian entrant" set forth in the Refugee Education Assistance Act otherwise began residing in an American community. The basis for this policy is that the Cuban and Haitian entrants are not all considered to have "entered" the United States within the meaning of the Immigration and Nationality Act. Therefore, it is not possible in all cases to reimburse States for cash and medical assistance provided during a prescribed period of months after initial "entry" into the country, as is done for refugees in the Refugee Program. For other Cuban and Haitian entrants, it is impossible to verify their actual date of entry into the United States. The Department has determined that the point in time at which a Cuban and Haitian entrant residing in an American community was first granted parole or otherwise issued documentation by the Immigration and Naturalization Service is the most reasonable and appropriate point from which to count the period of assistance authorized by Congress.

We believe the new policy represents a fair balance of essential program concerns and provides support to refugees during the transitional period when they have the greatest need. The policy is intended to promote self-sufficiency and strengthen employment incentives by reducing the period of special assistance. The policy shortens the period of special assistance to refugees to an initial 18 month period after which assistance would be available to refugees and non-refugees on the same basis.

COMMENTS ON PROPOSED POLICIES

We received letters on all aspects of our proposed policies from members of Congress, State and local government agencies, national and local volunatry refugee resettlement agencies, service providers, refugee advisory boards, coalitions and forums concerned with refugee resettlement, refugee mutual assistance associations, refugees, and other individuals. Most of the comments dealt with six aspects of our proposal: the duration and level of Refugee Cash Assistance, the duration and level of Refugee Medical Assistance, the February 1, 1982 implementation date of the policies, the elimination of the $30 and one-third income disregard in determining Refugee Cash Assistance eligibility and payment level, the applicability of the proposed policies to the Cuban/Haitian entrant program, and the use of General Assistance programs to serve categorically ineligible refugees and entrants during their second eighteen months in the United States. We are now in the process of finalizing our responses to these comments and will submit them to the Subcommittee as soon as possible.

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

February 17, 1982

Dr. Phillip Hawkes
Department of Health and
Human Services
Office of Refugee Resettlement
300 C Street, S.W.
Washington, D.C. 20201

Dear Dr. Hawkes:

I am enclosing, per my request at the February 9th Immigration and Refugee Policy Subcommittee hearing, a list of questions regarding the budget for the Office of Refugee Settlement, assumptions for that budget and the proposed cash and medical assistance regulations. It is my expectation that these questions will be completed and available to be inserted into the hearing record on February 23rd. Your assistance in meeting this deadline would be greatly appreciated.

Thank you for your attention to this request.

Sincerely,

Mark O. Hatfield
United States Senator

MOH/jbq
Enclosure

ATTACHMENT A

RESPONSES TO QUESTIONS SUBMITTED TO DR. PHILLIP HAWKES
BY SENATOR MARK O. HATFIELD

QUESTION: As of February 1st what has ORR distributed to the States under the Refugee and Cuban/Haitian programs?

ANSWER: As of February 1st, a total of $266,550,008 has been distributed under the Refugee program which is broken down as follows: $236,826,258 for cash and medical assistance (and related administration) and $29,723,750 for refugee social services.

Under the Cuban-Haitian Entrant Program, $47,366,000 has been distributed for cash and medical assistance (and related administration) and $175,000 for social services for a cumulative total $47,541,000.

QUESTION: Do these figures reflect all unobligated balances? Do they include or exclude any funds being withheld by OMB? If so, how much is being withheld, and why?

ANSWER: The cumulative totals distributed under the Refugee and Entrant Programs ($266,550,008 and $47,541,000 respectively) do not include an unobligated balance of $18,230,000 for Refugee cash and medical assistance (and related administration), $2,276,000 in unobligated refugee social service funds and $5,213,000 in unobligated Cuban/Haitian Entrant domestic assistance. These unobligated amounts are due to the fact that, through the second quarter, the States, in toto, requested less than was available to ORR under the third Continuing Resolution in effect through March 31, 1982.

OMB has not withheld any FY 1982 funds.

QUESTION: Are these funds being distributed to the states under current regulations or under the proposed regulations? Has ORR or OMB been withholding any funds in expectation of the implementation of the proposed regulations?

ANSWER: The awards for refugee and entrant assistance for the first quarter of FY 1982 assumed continuation of current policy. The awards for the refugee assistance for the second quarter of FY 1982 (made on January 4, 1982) assumed that current policy would be in effect for January and that new eligibility rules would be in effect for February and March. The second quarter awards for entrant assistance were made on January 28, 1982. By this date, it was apparent that the new eligibility rules would not be put into effect by February 1, 1982. Therefore, second quarter entrant assistance awards assumed that current policy would be in place for January and February and that the new eligibility rules would take effect March 1, 1982.

It is now apparent that the new policy will not be in place in most States until the beginning of the third quarter. If necessary, States may request additional cash and medical funds for the second quarter for either the refugee or entrant assistance programs.

Neither ORR nor OMB has withheld funds to States in expectation of the implementation of the proposed regulation.

QUESTION: What funds would remain after funds for the Second Quarter have been distributed under the current regulations? How much would be left if the proposed regulations go into effect on March 1st?

ANSWER: If second quarter awards to States for the Refugee Assistance Program had been made on the basis of current policy, ORR would have paid out $262.5 million to the States. ORR was apportioned only $250 million through the second quarter under the third Continuing Resolution. Thus ORR would need to take actions such as requesting an apportionment of additional funds, a reprogramming of existing funds or an authorization to use unexpended FY 1981 balances.

If funds had been allocated to States on the basis of the proposed regulations going into effect on March 1, ORR would have paid out $249.6 million to States, coming within half a million dollars of the amount apportioned to it through the second quarter.

QUESTION: Under what assumptions for refugee flows and dependency rates are these funds being distributed?

ANSWER: FY 1982 funds are distribued under the budget assumption of a 67% dependency rate with refugee flows as follows:

Actual FY 79	Actual FY 80	Actual FY 81	Estimate FY 82
94,524	189,727	153,077	131,000

The 67% dependency rate is an average rate for refugees who have been in this country for 36 months or less. This figure comes from a refugee caseload survey carried out by the Department in August, 1981.

QUESTION: For example, if you assumed 8,000 refugees per month and only 6,000 per month were admitted, how much money would be realized in savings per month under the current regulations?

ANSWER: Under current regulations, reduced admissions of 2,000 per month would result in an average monthly savings of slightly more than $1,450,000. Based upon the total number of months on assistance after the date arrival over a one year period and a total admissions reduction of 24,000 for the year, total program saving are $17,384,000. It should be recognized that program savings realized through reduced admissions will be greater in second half of the fiscal year rather than in the first half due to the total length of time of assistance available to any one individual refugee admission.

QUESTION: For example, if you assumed a 49% dependency rate and the rate was actually 67%, what is the difference in funding per month under the current regulations?

ANSWER: If the current policy were in effect for all of FY 1982, a 49% dependency rate would result in FY 1982 Refugee cash and medical assistance costs of approximately $450 million. With a 67% dependency rate, the estimated FY 1982 Refugee cash and medical assistance costs would be about $570 million. The difference in funding under the current policy between the two dependency rates is $120 million, or an average $10 million monthly (due to the 18% upward change in refugee cash dependency).

QUESTION: Are any funds being withheld due to anticipated or unexpected increases in refugee flows? Do you expect any changes in those flows now or in the future?

ANSWER: No funds are currently being withheld due to anticipated or unexpected increases in refugee flows. We are aware of the fact that the flow of refugees into this country in FY 1982 so far has been lower than originally anticipated. We have taken this fact into account in determining which of the policy options are affordable.

QUESTION Are any funds being withheld in anticipation or expectation of increased levels of dependency among refugees?

ANSWER: No

QUESTION: Under the proposed regulations providing for reimbursement of GA costs, what would be the impact on state and local administrative costs?

ANSWER: Federal reimbursement would be provided for State and local administrative costs of providing General Assistance to eligible refugees. Therefore there should be no impact.

QUESTION: Counties and states tell us that medical general assistance programs are not generally available. Would not the proposed regulations result in a shift in costs from the federal government to local public health care facilities, which will have to provide care to indigent refugees and entrants who are ineligible for Medicaid?

What would be your objections to continuing the provision of medical assistance to all refugees and entrants who meet income requirements for Medicaid for a 36-month period, as under current policy?

ANSWER:

The availability of medical general assistance (GA) programs varies from State to State and locally within some States. For example, we understand that California has a generally available GA medical assistance program while Florida does not. In recognition of the overall impact of Cuban and Haitian entrants in Florida, we have proposed a program of targeted assistance which could be used to offset health care costs, as well as other costs.

We consider 18 months of special aid to provide sufficient time for the identification and treatment of most presenting health problems of refugees. We believe that this policy will provide an incentive to employment and will reduce that portion of the refugee population which would have to rely on public health care facilities. Under these circumstances, we do not believe that a special eligibility for Medicaid-type assistance can be justified for refugees beyond 18 months when such assistance is not available to citizens in the same State or locality. In addition, the shorter period of special eligibility is required in order to control costs.

QUESTION: Under the proposed regulations, local public health costs would not be reimbursed. What would be the added costs to localities resulting from these regulations? Please provide the number and percentage of refugee cash recipients who are not eligible for AFDC. Also, the number and percentage of non-AFDC eligible refugees who are two-parent families with dependent children, as opposed to single adults or childless couples.

ANSWER: Under the proposed regulations, local health costs would be reimbursed if the locality has a program of medical assistance to indigent persons which qualifies as a General Assistance program under the definition in the proposed regulations. ORR's policy does provide reimbursement under such circumstances. ORR calculates that 19 States have such programs, excluding States or localities which may have only emergency medical programs.

The FY 1982 budget assumes that 55%, or 169,800, of the total number of refugee cash assistance recipients are not eligible for AFDC. These figures are based on a total refugee population dependency rate of 67%, and include refugees who have been here 36 months or less.

No figures are available for the number and percentage of non-AFDC eligible refugees who are two-parent families with dependent children as opposed to single adults or childless couples.

QUESTION: For every month that implementation of the proposed regulations is delayed, what would be the added cost to the Federal government?

ANSWER: Based on the current assumptions contained in the FY 1982 Refugee and Entrant budgets, ORR estimates that each month's delay in implementation of the proposed regulations would cost:

Refugee Program	$12-$15 million monthly
Entrant Program	$ 5-$ 7 million monthly

QUESTION: What would be your objections to continuing the provision of medical assistance to all refugees and entrants who meet income requirements for Medicaid for a 36 month period, as under current policy?

ANSWER: We believe that uniformity of eligibility standards and services delivery between refugees and non-refugees can be appropriately attained at the same time for both cash and medical assistance. Under the proposed regulation, this would occur 18 months after a refugee's date of arrival in the United States, during which period there is sufficient time to identify and treat most pressing health problems. We do not believe it is appropriate to provide special medical eligibility for refugees for a longer period of time when such eligibility for citizens of the same communities does not exist. In addition, the need for Federal fiscal control within the FY 1982 budget requires such a limitation.

QUESTION: The Refugee Act authorizes the Department of Health and Human Services to provide health benefits to refugees who are not receiving cash assistance for their first year after entry, but this authority has not been used. Some believe that this would be advantageous because it would keep refugees from having to go on welfare in order to have health care coverage. Have you considered using the authority provided by the Refugee Act to separate eligibility for refugee medical assistance from cash assistance in order to reduce welfare dependency?

ANSWER: The Department has given serious consideration to the question of using this authority and has decided not to do so because it would result in a further inequality in assistance between refugees and citizens.

QUESTION: How many refugees and Cuban/Haitian entrants are currently receiving refugee cash and medical assistance would become ineligible for assistance as of April 1st under the proposed policy change?

ANSWER: Under the proposed policy changes, approximately 70,000 refugees and 42,000 entrants would lose eligibility for the Refugee/Entrant cash and medical program, and not be eligible for any State or local General Assistance programs.

QUESTION: How many of these people do you expect to be picked up by the States' and counties' general assistance programs? Please provide a breakdown of those States and counties that have general assistance programs and what level or type of assistance is provided?

ANSWER: We have examined the nine States that have the largest concentrations of refugees and entrants. Upon our preliminary examination, we have found that five States appear to have General Assistance (GA) programs. They are California, Minnesota, Illinois, Pennsylvania, and Rhode Island. These five States have approximately 60% of the total U.S. refugee cash assistance caseload, while the four States without GA programs (Washington, Oregon, Florida and Texas) have 18.5% of the total U.S. caseload. (See attached Tab).

Further analysis shows that among the remaining States, 22 offer significant GA programs to refugees who will be affected by the 18-month cutoff and who cannot qualify for AFDC benefits. The type of aid deemed significant in this review is cash assistance on other than an emergency basis.

Analysis of GA Programs

The preliminary data collected by ORR Regional Offices were used to separate the States into four groups:

A. Eleven States were deemed to offer significant GA programs administered at the State level:

Hawaii
Kansas
Massachusetts
Michigan
Minnesota
New Jersey
New York
Ohio
Pennsylvania
Rhode Island
Wyoming

B. Five States offer significant GA programs but have eligibility requirements judged restrictive enough to effectively bar most refugees:

States	Program limited to
Arizona	Physically incapacitated
District of Columbia	Unemployables
Maryland	
Missouri	Physically incapacitated
Vermont	Unemployables

C. Nine States were reported as having GA programs administered by jurisdictions below the State level. Group C1 shows States with programs judged to be significant while States' programs in the C2 category do not appear to be significant.

C1. California
Connecticut
Illinois
Montana
North Dakota
Virginia
Wisconsin

C2. Nebraska
Nevada

D. Twenty-six states were judged to offer no significant programs of general assistance:

Alabama
Arkansas
Colorado
Delaware
Florida
Georgia
Guam
Idaho
Indiana
Iowa
Kentucky
Louisiana
Maine
Mississippi
New Hampshire
New Mexico
North Carolina
Oklahoma
Oregon
South Carolina
South Dakota
Tennessee
Texas
Utah
Washington
West Virginia

QUESTION: How much money will be spent under the proposed regulations to reimburse the states and localities general assistance costs? What level of secondary migration is anticipated in these cost assumptions under the proposed regulations? What is your methodology for determining this level of secondary migration?

ANSWER: The present assumption in the FY 1982 budget is that 10% of all non-AFDC refugees here more than 18 months will be eligible for General Assistance (GA). Based on other assumptions contained in the budget, and assuming an April 1, 1982 implementation date, the estimated FY 1982 general assistance costs of States and localities is about $10 million.

No secondary migration factor was built into the cost assumptions. The principal reasons for this are the lack of data on current secondary migration and stringent local general assistance criteria, which may cause large numbers of refugees to be ineligible for these programs, even if they should move from non-GA to GA areas.

QUESTION: What percentage of total state population on general assistance do you anticipate refugees will comprise? What are your assumptions for refugees on general assistance nationwide and in California?

ANSWER: The FY 1982 budget for refugee and entrant assistance assumed that ten percent of refugees who are not eligible for AFDC would be eligible for State or local General Assistance (GA) programs. We have no data on how many refugees or entrants will qualify for GA programs on a State by State basis, due to the variability of State and local GA programs.

QUESTION: As you know, general assistance programs vary widely among States, and even within states. Who will be responsible for verifying the claims for general assistance requested by local governments in states which the state government has no role in the provision of general assistance?

ANSWER: Where a State elects to claim reimbursement for locally administered GA, it would have the same responsibility, as the Federal grantee, for these funds as it now has for other sub-contracts or subgrants for refugee assistance and services. That is, the State agency is responsible for assuring the correctness of expenditures and claims under the Federal grant that it receives.

QUESTION: Counties and states inform us that many administrative problems are involved in the reimbursement of general assistance in states -- such as California, Wisconsin and New Jersey -- in which this program is wholly locally administered. How do you see the reimbursement of general assistance costs working?

ANSWER: In response to consultations with States, we have made it permissible, but not mandatory, for States to claim reimbursement for GA. We did so to provide States with flexibility in administering the program. If a State wishes to claim such reimbursement, and if GA is locally administered, the State would need to enter into an agreement with the local agency.

In some States, the AFDC program is administered by local agencies with State supervision. Where GA is administered by the same local agency that administers the AFDC program, the State-local relationship is already well established.

QUESTION: County governments, which cannot operate in the red, are concerned about cash flow problems related to the provision of general assistance to refugees. Will counties have to wait for several months or more to be reimbursed for general assistance costs?

ANSWER: ORR attempts to make grant awards to States as close to the start of each quarter of the fiscal year as possible. Once the States receive ORR grant awards, they can draw down cash as needed under their grant authorizations, since they operate under Federal letters of credit. Under this system, States would be able to provide funds promptly to the counties for GA costs, thus alleviating the burden.

QUESTION: Under the proposed regulations, the Department of Health and Human Services will reimburse states with general assistance programs. It is also indicated that targeted assistance will be available for heavily impacted states.

Under the proposed regulations, how much money do you expect to be available for targeted assistance for the Cuban/Haitian entrant program? For refugees?

ANSWER: $20,000,000 will be available for Cuban/Haitian Entrant targeted assistance in FY 1982. There are currently no plans for refugee targeted assistance in FY 1982; however, the FY 1983 budget request includes $20,000,000 in targeted assistance for refugees and entrants.

We are currently examining options which could increase the amount available for targeted assistance for both refugees and entrants in FY 1982. We will notify the Committee as soon as our examination is complete.

QUESTION: It is my understanding that this targeted assistance will be made available only at the conclusion of the fiscal year? If so, why is that being done?

ANSWER: The targeted assistance will be made available as quickly as possible. We do not plan to wait until the end of the fiscal year.

QUESTION: How can the program be restructured to provide these funds to the states up front, rather than having to wait until the end of the fiscal year?

ANSWER: As indicated previously, we plan to make these funds available as quickly as possible.

QUESTION: Please describe the various, now discarded, options presented the Secretary for changing these regulations. What would have been the projected savings for each option and why was it rejected?

ANSWER: Three options were considered under which 36 months of funding would be available to States. Under these three options, States would be reimbursed for AFDC, Medicaid, and GA costs for 36 months. Special eligibility for Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) would differ as follows:*

1. Provide RCA and RMA for 12 months. Fund GA during the latter 24 months. Savings of $76 million.
2. Provide RCA and RMA for 15 months. Fund GA during the latter 21 months. Savings of $32 million.
3. Provide RCA and RMA for 18 months. Fund GA during the latter 18 months. (This is the option which the Department selected and proposed in its Notice of Proposed Rule Making published in the Federal Register, December 11, 1981.) Savings of $3 million.

Five options were considered under which States would be reimbursed for AFDC, Medicaid, and/or GA costs for less than 36 months. These options were as follows:*

1. Provide RCA and RMA for 24 months. Fund AFDC and Medicaid for 24 months. Do not fund AFDC, Medicaid, or GA during the latter 12 months. Savings of $18 million.
2. Provide RCA and RMA for 24 months, with the RCA payment level set at the AFDC level (as under existing policy) during a refugee's first 12 months and at 50% of the AFDC level during the refugee's second 12 months. Fund AFDC and Medicaid for 24 months. Do not fund AFDC, Medicaid, or GA during the latter 12 months. Savings of $59 million.
3. Provide RCA and RMA for 24 months, with the RCA payment level set at 75% of the AFDC level throughout that period. Fund AFDC and Medicaid for 24 months. Do not fund AFDC, Medicaid, or GA during the latter 12 months. Savings of $52 million.
4. Provide RCA and RMA for 18 months. Fund AFDC and Medicaid for 36 months. Do not fund GA during the latter 18 months. Savings of $37 million.
5. Provide RCA for 6 months and RMA for 24 months. Fund AFDC and Medicaid for 36 months. Do not fund GA cash assistance during the latter 30 months and do not fund GA medical assistance during the latter 12 months. Savings of $84 million.

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*NOTE: All savings are against the original FY 1982 refugee cash and medical assistance budget: about $469 million.

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In considering these options, we took into account the fact that the Refugee Act permits, but does not require, that funding be provided to States to off-set assistance costs during a refugee's first 36 months or that the funding be provided to reimburse 100% of the assistance costs that States would be required to incur under their ongoing assistance programs. We concluded that options which met two general criteria were preferable to those which did not:

- First, that it would be preferable to meet the cash and medical assistance costs of States for a 36-month period; and
- Second, that it would be preferable to provide an initial period of general eligibility of refugees for cash and medical assistance, in recognition of their need for a transition period, of the fact that many had initial health problems, and of the fact that the initial need for aid would not follow the categorical types of assistance which have developed for citizens based on family composition, age, disability, or previous participation in the labor force.

Based on our previous consultations with States, we also concluded that, in order to avoid administrative complexity to the fullest extent possible, options should be avoided which proposed reductions in the assistance level (for example, to 50% of the AFDC level) or which made it mandatory for States to enter into relationships with locally funded and administered GA agencies. Therefore, the Department's recommended policy has not required such reductions in the assistance level, and it permits, but does not require, a State to claim reimbursement for GA.

QUESTION: If a targeted assistance program were set up for states with a large number of refugees, how much money might be required for the last 6 month of FY 1982? To serve how many refugees?

ANSWER: We do not intend to establish a targeted assistance program for refugees in FY 1982. We are establishing a targeted assistance program for entrants and have requested $20 million for this program in FY 1982. It is not possible to estimate the number of entrants that States will serve under this program because of the flexible nature of the grants.

QUESTION: Has the Departrment considered a "block grant" approach to refugee funding; that is, making targeted assistance funds available to high impact refugees states with few or no strings attached?

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ANSWER: The question of a block grant approach has been considered by both the Department and the President's Interagency Task Force on Immigration and Refugee Policy. As a result of these deliberations, the Administration decided to continue existing categorical refugee benefit programs (i.e., cash assistance, medical benefits, English language instruction, and employment services), but to alter the approach to providing cash assistance payments to those refugees who do not qualify for AFDC, SSI, adult assistance or Medicaid.

We have, however, made a distinction between "block grant," which could cover all aspects of refugee assistance and services, and "targeted assistance," a term which we have applied to the full range of services permissible under section 412(c) of the Immigration and Nationality Act. We have announced a proposed targeted assistance program for Cuban and Haitian entrants in FY 1982, and the budget request for FY 1983 includes a request for targeted-assistance funds which could be used for both refugees and entrants.

QUESTION: Has any consideration been given to what might happen to refugees in states like Oregon and Washington without general assistance programs due to the proposed regulations? If so, what are your plans to address the needs of these refugees? If not, what guidance would you give the states to assist their refugee populations?

ANSWER: Yes. We recognize that any restriction in the availability and duration of assistance may cause some problems in communities which have concentrations of refugees and lack GA programs. In some instances, our Regional Office staffs have met with State and local officials, voluntary agency representatives, and refugee organizations to aid in planning steps to help alleviate any emergency situations that occur. In other cases, States and localities have initiated such activities without our involvement.

The effect of a time-limitation on eligibility for RCA will vary with respect to the circumstances of individual refugees. Many refugees will be parts of households whose other income or assistance may not be affected by the time-limitation. In some instances, members of refugee families will have reached the U.S. at different times, so that, if receiving assistance, not all family members are affected by the time-limitation at the same time.

The refugee population affected by the proposed change will consist of single adults, adult couples, and two-parent families who do not qualify for AFDC or SSI. They should generally be the most able to become self-sustaining after eighteen months. Therefore employment services to such refugees will be of major importance, and refugee service funds can continue to be used for this purpose without regard to a time limitation on cash assistance.

QUESTION: Refugee social service funding is, in the opinion of the Appropriations Committee, the key to the successful resettlement of refugees. This funding provides English language and vocational training, as well as a number of other services to help refugees resettle successfully.

How do you explain that funding for refugee social services has been steadily decreasing over the past several years? (FY 81 - $93.7 million, FY 82 - $67.5 million)?

Of the total of $532 million requested in FY 83 for refugee programs, how much of that would be for social services?

How are you targeting social services dollars to areas where they are most needed?

ANSWER: Of the total FY 1983 budget request of $532 million, approximately $59 million dollars is targeted for social services. The FY 1983 request for social services is less than the FY 1982 amount because the number of new refugees expected to arrive in FY 1983 is about 25,000 less than the FY 1982 admissions level. In fact, the budget assumption that funds will be spent for social services to assist new arrivals is actually increasing in FY 1983, from $497 to $576 per new arrival. This is about a 16% increase, which is intended to offset the costs of inflation.

Currently States are targeting their social service dollars on ESL and employment related services - the two areas of service most essential to improving refugee prospects of self-sufficiency. In addition, social service funds are supporting projects which principally serve newly arrived refugees as well as those who are on the verge of being time expired. Recent analysis of State plans which reflect projections for use of social service funds for FY 82 indicate that approximately 85% of these funds are either in the ESL or employment services related area.

ATTACHMENT B

1) The cost of the proposed regulations if implemented on April 1st.

2) The cost of the proposed regulations if implemented on July 1st.

3) The cost of providing:

   --36 months of cash and medical assistance to AFDC eligible refugees.

   --24 months of cash and medical assistance to non-AFDC eligible refugees.

4) The cost of providing:

   --24 months of cash and medical assistance to both AFDC eligible and non-AFDC eligible refugees.

5) The cost of providing:

   --36 months of medical assistance to both AFDC eligible and non-AFDC eligible refugees.

   --24 months of cash assistance to both AFDC eligible and non-AFDC eligible refugees.

6) The cost of allowing the states to choose between:

   A. 24 months of cash and medical assistance for AFDC eligible and non-AFDC eligible refugees.

   --or--

   B. 24 months of cash and medical assistance for AFDC eligible refugees.

   18 months of cash and medical assistance to non-AFDC eligible refugees.

   36 months of General Assistance Reimbursements to GA states.

   ASSUMING: that states with General Assistance Programs will choose option "B", and that all other states will choose option "A".

7) The amount each state would receive if, after second quarter obligations are met, the money remaining in FY 82 cash and medical assistance funds were provided in block grant form to the states, distributed according to the population eligible for assistance at the beginning of the third quarter. This assumes that the current full 36 months of assistance is continued until the end of the second quarter.

RESPONSES TO ATTACHMENT B

1. The estimated FY 1982 Refugee Cash and Medical Assistance costs if the proposed regulations were implemented on April 1st, is approximately $480 million for Refugee Cash and Medical Assistance (and related administration).

2. The estimated FY 1982 Refugee Cash and Medical Assistance costs, if the proposed regulations were implemented on July 1st, is approximately $525 million for Refugee Cash and Medical Assistance (and related administration).

3. The estimated FY 1982 Refugee Cash and Medical (and related administration) costs for providing 36 months of aid for AFDC eligibles and 24 months assistance to non-AFDC eligibles, assuming an April 1, 1982 implementation date, is about $515 million.

4. The estimated FY 1982 Refugee Cash and Medical (and related administration) costs of providing 24 months of cash and medical assistance to both AFDC eligible and non-AFDC eligible refugees is approximately $495 million, assuming an April 1, 1982 implementation data.

5. The estimated FY 1982 Refugee Cash and Medical (and related administration) costs of providing 36 months of medical assistance to both AFDC eligible and non-AFDC eligible refugees and 24 months of cash assistance to both AFDC eligible and non-AFDC eligible refugees, assuming on April 1, 1982 implementation date, is about $525 million.

6. The estimated FY 1982 Refugee cash and Medical costs for the proposed options, using the given assumptions and an implementation date of April 1, 1982, is about $470 million.

7. The attached chart represents the amount each state would receive if, after second quarter obligations are met, the money remaining in FY 82 cash and medical assistance funds were provided in block grant form to the states, distributed according to the population eligible for assistance (i.e., those refugees in the country less than 3 years).

STATE BLOCK GRANT ESTIMATES
(for 3rd and 4th Quarters, FY 1982)

State	Estimated 36-Mo. Ref. Population*	State % of Total	Estimated Funds for remainder Of FY 1982
Alabama	1,381	.34	$ 565,000
Alaska	241	.06	99,700
Arizona	2,691	.67	1,113,400
Arkansas	1,282	.32	531,800
California	131,169	32.64	54,240,500
Colorado	5,643	1.41	2,343,100
Connecticut	3,853	.96	1,595,300
Delaware	151	.04	66,500
Dist. of Columbia	1,151	.29	481,900
Florida	23,917	5.95	9,887,600
Georgia	4,841	1.20	1,994,100
Guam	30	.01	16,600
Hawaii	4,183	1.04	1,728,300
Idaho	826	.21	349,000
Illinois	16,149	4.02	6,680,400
Indiana	2,287	.57	947,200
Iowa	5,498	1.37	2,276,600
Kansas	4,835	1.20	1,994,100
Kentucky	1,148	.29	481,900
Louisiana	5,548	1.38	2,293,300
Maine	710	.18	299,100
Maryland	3,685	.92	1,528,800
Massachusetts	8,805	2.19	3,639,300
Michigan	6,303	1.57	2,609,000
Minnesota	18,607	4.63	7,694,100
Mississippi	774	.19	315,700
Missouri	3,012	.75	1,246,300
Montana	686	.17	282,500
Nebraska	927	.23	382,200
Nevada	1,425	.36	598,200

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STATE BLOCK GRANT ESTIMATES (Continued)
(for 3rd and 4th Quarters, FY 1982)

State	Estimated 36-Mo. Ref. Population*	State % of Total	Estimated Funds for remainder Of FY 1982
New Hampshire	239	.06	99,700
New Jersey	4,226	1.05	1,744,900
New Mexico	2,269	.57	947,200
New York	13,346	3.32	5,517,100
North Carolina	3,388	.84	1,395,900
North Dakota	415	.10	166,200
Ohio	4,711	1.17	1,944,300
Oklahoma	3,855	.96	1,595,300
Oregon	12,170	3.03	5,035,200
Pennsylvania	14,391	3.58	5,949,200
Puerto Rico	104	.02	33,200
Rhode Island	2,638	.66	1,096,800
South Carolina	1,340	.33	548,400
South Dakota	562	.14	232,700
Tennessee	2,266	.56	930,600
Texas	30,662	7.63	12,679,400
Utah	5,911	1.47	2,442,800
Vermont	232	.06	99,700
Virgin Islands	10	-	-
Virginia	10,123	2.52	4,187,700
Washington	19,141	4.76	7,910,100
West Virginia	332	.08	132,900
Wisconsin	7,442	1.85	3,074,300
Wyoming	305	.08	132,900
TOTAL:	401,836	100.00	$166,178,000**

Footnotes:

* Southeast Asian and Cuban refugees who arrived in U.S. October 1, 1978 through September 30, 1981. There are no current data on resettlement locations for non-Southeast Asian and non-Cuban refugees. This population base is used in lieu of the estimated 36-month refugee population projected as of April 1, 1982, due to its availability and the assumption that resettlement patterns for October 1, 1981 to March 31, 1982 will not be different and individual States' share of the national 36-month refugee population will not vary significantly from the above percentages.

** The present FY 1982 Refugee cash and medical assistance budget under the third Continuing Resolution is $428,692,000. Estimated obligations under current policy, through the end of the second quarter, FY 1982, is about $262,514,000. Therefore, the remaining unobligated balance for Refugee cash and medical assistance for the last half (third and fourth quarters) of FY 1982 is $166,178,000.

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QUESTION: Would you explain the long-range impact of the proposed changes on the States; the voluntary agencies; and on the refugees?

ANSWER: We believe that the long-range impact of the proposed policy changes will encourage earlier self-support among refugees and will assist the voluntary agencies and the States in their efforts to place refugees in jobs. The policy will continue to provide Federal funding during a full 36-month period for those cash and medical assistance costs which States are required to incur under the AFDC, SSI, Medicaid, and general assistance (GA) programs. Studies and statistics will depend on monitoring the effects of the policy changes after they have occurred. The only available data bearing on the proposed change has been the effect of the 36-month statutory limitation which went into effect April 1, 1981. The information which has been reported has shown little negative effect on GA programs after the 36-month point.

QUESTION: Would you describe the coordination of your office with other interested Federal agencies or constituent groups in preparing the proposed regulations?

ANSWER: We began consultations on proposed policy changes with public interest groups, State and local officials, voluntary refugee resettlement agency officials, and representatives of refugee organizations beginning in June 1980. A specific proposed change was included in the budget requests to the Congress for FY 1982 which were submitted in January 1981 and March 1981. A number of possible options were discussed with State, local, voluntary, and public interest group officials during the summer of 1981. When a notice of proposed rule making (NPRM) was published December 11, 1981, special mailings were carried out to all of these groups and comments were requested. The comments received were carefully considered in the development of a proposed final rule.

QUESTION: What impact have existing regulations had on the refugee dependency rate? How do you think these regulations will change the dependency rate? What data do we have to support these projections? How much of this decrease is due to decreasing the eligible population?

ANSWER: Reports from resettlement workers both overseas and in the U.S. have indicated that many refugees interpret the 36-month limitation specified in the Refugee Act as an entitlement to assistance during that period. Based on our estimates, we believe that the proposed changes, because of the more limited eligibility period, would result in a reduction of approximately 65,000-70,000 refugees and 40,000-45,000 Cuban and Haitian entrants who are currently receiving assistance. These numbers constitute an estimated 21%-23% of the current refugee caseload and 73%-82% of the current entrant caseload. While we also believe that the shorter eligibility period will generally encourage earlier self-sufficiency and lead refugees increasingly to accept employment prior to the expiration of the 18-month period, it is not possible to estimate this in advance of implementation of the proposed changes.

QUESTION: What evaluations do you plan to undertake in the future which might result in changes in refugee resettlement policies?

ANSWER: Evaluations will cover English-language training, the States' administration of the refugee program, the relationship between services and self-sufficiency, and a study of the matching-grant program administered by the voluntary agencies which serves principally, but not exclusively, Soviet refugees. In addition, we are developing monitoring plans for State operations and will also look at the effect of changes in cash assistance policies. Findings from any of these studies or monitoring activities could lead to the consideration of changes in refugee resettlement policies.

QUESTION: When did your office become aware that a shortfall in funding was likely without implementation of the proposed regulations?

ANSWER: In July, 1981, ORR reported to the Senate Appropriations Committee that the FY 1982 budget request was expected to be adequate to meet program responsibilities. The budget request included proposed changes in refugee cash and medical assistance policy, to be effective October 1, 1981. Our report contended that there were many uncertainties in the factors comprising the ORR budget: the numbers of refugees entering the country in a fiscal year is not finally set until quite near the beginning of that fiscal year; the dependency rate of the refugee population varies depending on the characterisitcs of the incoming individuals; and the level of payments varies both by where the refugee is resettled and the needs of the individual. Despite these factors, ORR judged, at that time, that the FY 1982 budget request was adequate.

However, in September 1981, ORR completed a survey with the States most heavily impacted by refugees and determined the dependency rate had increased to 67% nationwide. Since the original FY 1982 budget was based on a rate of 49%, even with the policy contained in that request, the increase in the dependency rate raised the possibility of funding difficulties ahead. ORR and HHS reviewed the situation and recommended to the Secretary revisions to that (original) proposed policy, which eventually led to the NPRM that was published on December 11, 1981.

QUESTION: Do you expect any significant change in levels of secondary migration as a result of the proposed changes? Do you think, as some States have maintained, that refugees in areas without General Assistance programs will tend to migrate to areas with General Assistance programs?

ANSWER: The Department's experience in administering the refugee and AFDC programs is that recipients do not change locations solely because of benefit levels. Major impacts predicted as a result of the statutory 36-month limit, which became effective in April 1981, did not materialize and we do not expect significant secondary migrations as a result of the proposed regulations.

QUESTION: We are very pleased that a U.S. Coordinator for Refugees will soon be confirmed. What will be your relationship in policy terms to the Coordinator?

ANSWER: We have already established a working relationship with the Coordinator-designate. We would expect to have an ongoing relationship with the Coordinator in his carrying out of his statutory responsibilities in the development of overall refugee admission and resettlement policy, the coordination of domestic and international refugee admission and resettlement programs, and the development of an overall budget strategy, as well as the other specific responsibilities placed on the Coordinator by the Refugee Act.

QUESTION: In addition to the annual refugee consultation, the Refugee Act calls for Congressional consultation on changes in refugee policy to occur through the more informal "periodic discussion." Is there any reason why Congressional input was not sought last year with regard to the various options being considered for proposed regulations?

ANSWER: We endeavored to make clear our intent to revise refugee assistance policies, beginning with the submittal of the FY 1982 budget request in January and March 1981. This matter was covered in appropriation hearings, and House and Senate Committee actions on the budget indicated acceptance of such a change in the amounts to be appropriated. We also referred to the fact that a policy change would be made during the course of several hearings and consultations before the Senate and House Judiciary Committees and before the House Foreign Affairs Committee in connection with the setting of FY 1982 admissions levels.

QUESTION: In your effort to foster cooperation of States and counties, how will the proposed regulations promote consistent treatment of refugees; an avoidance of undue fiscal burdens on a few States and counties; and a minimizing of administrative red tape?

ANSWER: By shortening the period of special eligibility for refugees from 36 to 18 months, consistency of treatment between refugees and non-refugees will be achieved sooner than under the present policy. As we have indicated, our proposed policy calls for continuing to reimburse for 36 months those costs which States are required to incur under their cash and medical assistance programs. We believe that the proposal will reduce potential administrative red tape by basing the assistance to refugees as closely as possible on the same rules as apply to assistance to non-refugees during the first 18 months and entirely on those rules following that initial period. In addition, in response to comments from some States and in order to avoid any undue administrative burden, we have made it optional with a State whether and to what extent the State claims reimbursement for GA costs.

QUESTION: As I understand it, part of your rationale for reducing the non-AFDC eligible refugees to 18 months of Federal reimbursement is that 36 months is too long for these people and promotes dependency. If it is the case that this 36 month period is too long, what is the justification for continuing to fund general assistance for the full 36 months for these people in areas with general assistance programs?

ANSWER: Refugees are eligible to apply for and receive GA under existing State and local programs. We have proposed to fund GA in order to avoid these costs falling on States or localities, and to maintain Federal financial responsibility for State costs of cash and medical assistance for refugees for 36 months as authorized under the Refugee Act of 1980.

QUESTION: How would you describe the commentary of the States and counties who sent in written comments to the proposed regulation, as called for in the Federal Register?

ANSWER: Most of the commenters objected to one or more aspects of the proposed regulation. Some commenters suggested alternatives, but there was little uniformity in the suggestions other than a request for a later effective date. The comments have not led ORR to recommend changes in the final regulation except for the effective date and to make clear that States may claim the administrative costs of providing assistance to refugees.

QUESTION: Several States have indicated that they are in favor of reducing the eligibility period for cash and medical assistance, but state that they will need some kind of transitional assistance to phase in new rules in the middle of the year. Did you consider putting such a provision into the proposed rules, and if so, why was this idea not adopted?

ANSWER: We did not propose some type of transitional assistance because the intent to revise assistance policies had been known and discussed for a year-and-a-half, and because, except in the entrant program, funds which could be used for special assistance are not available. Very few commenters indicated a problem with implementing new rules in the middle of the year, but many stated that the proposed effective date of February 1, 1982, provided too little notice after publication of the NPRM. In response to these comments, the Department decided to postpone the effective date.

QUESTION: Various States are now calling for ORR and the States to work together in identifying more acceptable options for regulations, claiming that they weren't consulted on this proposal. To what extent did you work with the States in developing the options which were presented to the Secretary? Did you feel that their involvement was adequate?

ANSWER: As indicated, we worked extensively with States and other interested parties beginning in the summer of 1980. A specific proposal was included in the FY 1982 budget presentations early in 1981 and additional options were discussed with State officials and others in the summer of 1981. We considered the involvement of States and others to be adequate, while recognizing that there were different views among the States as to an appropriate policy.

QUESTION: Last week the Subcommittee staff requested background material from the Department, including a description of the various options you considered in the development of these proposed regulations; the cost savings projected for each; the impact which the various options would have on States and counties, and the justification for choosing the proposed regulations over the other options. There were also a number of other questions. Were these questions addressed in developing the proposed policies? When might we expect the written answers to these questions?

ANSWER: Relative cost savings, the impact on States and counties, and the relative merit over other options of the proposed change were considered in the developmental process. The option proposed in the NPRM took into account objections which States had raised to other types of options previously considered. Written answers to the questions referred to will be provided as soon as Departmental clearance has been received.

QUESTION: In Iowa there is no general State assistance program. Negotiations would have to be entered into between the resettlement agency and ninety-nine separate counties. Eligibility criteria for cash disbursal differs from county to county. There have been claims that some counties reimburse in a discriminatory manner, not socially but on the basis of family composition. Will the Federal Government reimburse these counties regardless of their eligibility criteria systems?

ANSWER: Yes, the State may, but is not required to, claim reimbursement for any existing State or local GA program which meets the definition set forth in the proposed regulation. The proposal recognizes that in some States GA differs from one locality to another. The proposal also recognizes that a State might find that it would be an administrative burden to enter into arrangements with all localities to claim reimbursement; therefore this matter is left to the decision of the State.

QUESTION: When did your office become aware that a shortfall in funding was likely without implementation of the proposed regulations?

ANSWER: We made clear in the presentation of the proposed budget for FY 1982, which was transmitted to the Congress in January 1981 and March 1981, that a change would be made in cash assistance policies and that the FY 1982 request was predicated on a change occurring. We became aware in the fall of 1981, as a result of a survey of cash assistance caseloads which showed a higher dependency rate than had been projected, that a change more restrictive than that originally proposed in the FY 1982 budget would be required in order to provide sufficient fiscal control.

Senator SIMPSON. Our next panel of witnesses, Mr. David Pingree, secretary, Department of Health and Rehabilitation Services, State of Florida; and Mr. Barry Van Lare, staff director, Committee on Human Resources, National Governors Association.

Let me recognize Senator Hatfield, please.

Senator HATFIELD. Mr. Chairman, I am not trying to trespass upon your good patience, but before I have to depart because of a conflict in my schedule, I would like to introduce to you the State refugee program coordinator for the State of Oregon, Mr. Jerry Burns.

Mr. Jerry Burns has the unfortunate, or the challenging role of trying to provide help for 17,000 refugees in our State, 11,000 of which are on public assistance, a State with one of the highest unemployment rates in the Union, as I indicated earlier.

I just wanted to make that presentation of Mr. Burns to you, and know that I leave him in good hands as I have to depart. I want to thank you again for granting me the opportunity to come here and hear Mr. Hawkes today and pose some questions to him.

Senator SIMPSON. I thank you very much, Senator Hatfield, and I look forward to working with you. I think we can tie this together in a much more complete fashion. Thank you so much.

We do have a time limitation, if you would proceed, please.

STATEMENT OF DAVID PINGREE, SECRETARY, DEPARTMENT OF HEALTH AND REHABILITATION SERVICES, STATE OF FLORIDA, ACCOMPANIED BY BARRY VAN LARE, STAFF DIRECTOR, COMMITTEE ON HUMAN RESOURCES, NATIONAL GOVERNORS ASSOCIATION

Mr. PINGREE. Mr. Chairman, I am pleased to be here today to present testimony on behalf of Governor Bob Graham of Florida. I am representing him both in his role as chairman of the National Governors Association's Task Force on Immigration and Refugees, and as Governor of the State of Florida.

The Nation's Governors have been keenly interested in our national refugee program for several years. They have been and are committed to working toward the rapid assimilation into our local communities of refugees resettled in the United States. But Governors strongly believe that the Federal Government has the total responsibility to meet the basic needs of refugees and entrants for the initial 3 years after their status as refugee or entrant is determined.

There is, therefore, a great deal of concern over the regulations proposed by the U.S. Department of Health and Human Services. Since a number of States have stated their concerns directly to the Department, I shall concentrate on the specifics of Florida's refugee situation.

The past 10 years have seen the State of Florida cast into the throes of an international drama. What began as a serious concern over the unexpected arrival of boatloads of Haitians in February 1980, escalated to utter crisis by June when 120,000 Cubans had sought to embrace American freedom on Florida's shores.

In the aftermath, our State has reeled from the impact of attempting to assimilate an estimated 90,000 Cubans and approximately 40,000 to 60,000 Haitians. This unprecedented immigration has had grave social and fiscal consequences for our communities in south Florida. The lack of a clearly and consistently applied national immigration and refugee policy has been central to the problems Florida has had to face as wave after wave of Caribbean refugees have swept across our beaches.

The passage of the Refugee Act of 1980 appeared to bring some order to the previously chaotic state of immigration policy. A central point in the debate that preceded the passage of the act was the proper role of the Federal Government in resettlement and domestic assistance funding.

The 1980 law strongly supports the idea that refugees are a Federal responsibility, since the decisions relating to resettlement are made at the Federal level. In addition, the clear intent of that 1980 Act is for the Federal Government to provide refugees with 100 percent cash and medical services during a full 36 month period from date of entry.

If the national policy objective is to insure effective and rapid assimilation, then this minimum commitment on the part of the National Government is absolutely essential. Anything less would leave refugees in great danger of becoming dependent for even longer period of time, since the struggle to obtain housing and basic medical care would overwhelm their ability to learn English, train for a job, and gain productive employment.

The reforms brought about by the 1980 act did not, of course, envision the events that have transpired in south Florida. In March, 1980, the same month in which 2 years of congressional effort was culminating in the enactment of the new legislation, 1,400 Haitians arrived by boats up and down the coastline of south Florida, from Fort Pierce to Key West.

Unfortunately, the new legislation never foresaw the likelihood of the Cuban and Haitian migration we were about to experience. It did not anticipate the United States becoming the country of first asylum for over 100,000 people in a matter of weeks.

It did not anticipate the legal ramifications of over 100,000 persons known to the Immigration and Naturalization Service and residing within our country's border, but without immigration status and unable to receive services. Thus the special entrant status had to be granted to these refugees through an Executive order, and additional legislation had to be enacted.

What has resulted is a social crisis in south Florida of major proportions. While the majority of all of the Cubans are self-sufficient and are already contributing to the economic base of the State, most of the Haitians and 35 to 40 percent of the Cubans continue to be poor enough to qualify for public assistance.

Moreover, the community costs of transportation, education, criminal justice, housing, and related services have been massive due to large and concentrated numbers of unexpected arrivals. Most of these costs, although documented, have not been fully reimbursed by the Federal Government. Yet, we are now facing efforts to sharply reduce the basic cash and medical programs which we fought so hard to continue just a little over a year ago.

The announcement by the Department of Health and Human Services of its intention to implement regulations on March 1 that limit noncategorical assistance to 18 months, rather than the 36 months authorized and intended by Congress, is a blatant and overt shifting of costs from the Federal Government to the backs of the local citizens of south Florida.

In addition, these rules have been promulgated with total disregard for the needs and concerns of State and local governments. We were never consulted on the impact of these changes prior to their announcement. In fact, we were never even extended the courtesy of a reply to a December 18 letter from Governor Graham to Secretary Schweiker requesting the opportunity for State and local officials to meet with officials of HHS to review these regulations.

It is imperative, even at this late date, that the Department of Health and Human Services call——

Senator SIMPSON. Mr. Pingree, your entire remarks will be placed in the record. If you could summarize in about 30 seconds, I would appreciate that very much. I am sorry; but that is our problem.

Mr. PINGREE. It is quite all right.

The fact is that the impact on south Florida is significant. The results are going to be extremely grave. As of March 1, over 25,000 people in Florida will lose all their cash assistance and all medical benefits, and this is in spite of the fact that in reality, although they have been here for 18 months, they have only been receiving funds for 1 year out of a 3-year program.

This is a short period of time to expect people to assimilate in any community, within 12 months, I think that it is absolutely irrational. I think it is irresponsible on the part of the National Government to expect these people to assimilate in that short period of time, and to expect the people of south Florida to have to carry the burden for this Nation's inability to control its own borders.

Senator SIMPSON. Thank you very much. Indeed, your Governor has shared information and testimony with the subcommittee previously, which bear out all of those serious issues you address.

[The prepared statement of Mr. David Pingree follows:]

PREPARED STATEMENT OF DAVID PINGREE

Mr. Chairman, Members of the Committee, I am pleased to be here today to present testimony on behalf of Governor Graham. I am representing him today both in his role as Chairman of the National Governors' Association Task Force on Immigration and Refugees and as Governor of the State of Florida.

The Nation's Governors have been keenly interested in our national refugee program for several years. For those refugees resettled in this country, states are committed to working toward their rapid assimilation into our communities. However, Governors strongly believe that the Federal government has the total responsibility to meet the basic needs of refugees and entrants for the initial three years. There is, therefore, a great deal of concern over the proposed regulations. It is my understanding that a number of states have provided their comments directly to the Department of Health and Human Services. I would, therefore, like to turn to the specifics of the Florida situation.

The past ten years have seen the State of Florida cast into the throes of an international drama. What began as a serious concern over the unexpected arrival of boatloads of Haitians in February 1980, escalated to utter crisis by June when 120,000 Cubans had sought American freedom on Florida's shores.

In the aftermath, our State has reeled from the impact of assimilating an estimated 90,000 Cubans and approximately 40-60,000 Haitians. This unprecedented immigration has had grave social and fiscal consequences for our communities in South Florida. The lack of a clear and consistent national immigration and refugee policy has been central to the problems Florida has had to face as wave after wave of Caribbean refugees have swept across our beaches.

The passage of the Refugee Act of 1980 appeared to bring some order to the previous chaos through the establishment of a comprehensive United States refugee resettlement and assistance policy. A central point in the debate which preceded passage of the Act was the proper role of the Federal government in resettlement and domestic assistance funding. The 1980 law strongly supports the idea that refugees are a Federal responsibility since the decisions surrounding their acceptance for resettlement are made at the Federal level. In addition, 100 percent of the funding for cash and medical services for refugees is clearly intended to be provided by the Federal government for a full 36 months from date of entry for those individuals and families with real economic need. This commitment makes sense if the national policy objective is to ensure effective and rapid assimilation. Anything less would certainly leave this population in great danger of becoming dependent for even longer periods of time since the costs of housing and medical care would overwhelm their ability to learn English, train for a job and gain employment.

The reforms brought about by the 1980 Act did not, however, envision the events in South Florida. In March 1980, the same month in which two years of Congressional effort was culminating in the enactment of the new legislation, 1,400 Haitians arrived by boats up and down the coastline of South Florida. There is irony in the fact that the new legislation never foresaw the likelihood of the Cuban and Haitian migration we were about to experience. It did not anticipate the United States becoming a country of first asylum for over one hundred thousand people in a matter of weeks. It did not anticipate the legal ramifications of over one hundred thousand people residing in the country, known to the Immigration and Naturalization Service but without immigration status and unable to receive services. The citizens of Florida, you may be sure, certainly did not anticipate that we would be asked to bear the full cost of these people. However, just to secure the same federal role for this population, which was accorded to refugees under the 1980 law, a special entrant status had to be granted through an Executive Order and additional legislation had to be enacted.

All of this was occuring during a period when federal involvement in the financing of the full range of human services -- so desperately needed by a large proportion of this new population -- was beginning to be reduced. The resulting competition for increasingly scarce resources added additional strain to already high community tensions.

While a majority of all of the Cubans are self-sufficient and are already contributing to the economic base of the State, most of the Haitians and 35 - 40 percent of the Cubans are poor enough to qualify for public assistance. Moreover, the community costs of transportation, education, criminal justice, housing and related services have been massive due to the large and concentrated number of arrivals.

None of these critical issues, none of these costs have been fully documented or reimbursed by the Federal government. And yet, we are now facing efforts to sharply reduce the basic cash and medical programs which we fought so hard to obtain just a little over a year ago. The announcement by the Department of Health and Human Services of their intention to implement regulations on March 1 that limit non-categorical assistance to 18 months -- rather than the 36 months authorized by Congress -- is a blatant shifting of costs from the Federal government to the backs of the local citizens of South Florida. In addition, these rules have been promulgated with almost total disregard for the needs and concerns of State and local governments. We were never consulted on the impact of these changes. In fact, we were never even extended the courtesy of a reply to a December 18 letter from Governor Graham to Secretary Schweiker requesting the opportunity for State and local officials to meet with officials of HHS to review these regulations. It is imperative, even at this late date, that the Department of HHS call together representatives of the ten States most affected to review the fiscal, social and environmental impact of these new policies and fully debate alternative methods for accomplishing the Department's goals.

The impact on the citizens and taxpayers of Florida and on the refugees and entrants affected will be grave. As of January 1982, almost all of those who came to Florida during the boatlift will have been in this country for 18 months. On March 1, over 25,000 persons will lose all cash assistance and all medical benefits. This is in spite of the fact that most have received benefits for no more than one year since the Cuban/Haitian entrant program did not go into effect until January 1981.

The State of Florida cannot legally pick up the funding or support for this population. We have no general assistance or medically needy programs. With anticipated losses in federal funds resulting from the Omnibus Reconciliation Act of 1981 in the $70-100 million range for human service programs alone, the State simply does not have the fiscal capacity to provide the services. The full impact will fall on local governments, local communities, local taypayers. The loss in cash benefits between March 1 and the end this federal fiscal year is estimated to be $25.3 million. While the regulations allow continued federal support for local cash assistance programs, the existing emergency program in Dade County cannot possibly handle this population. That program currently provides only several million dollars in emergency assistance in an entire year and would be engulfed by 25,000 applicants.

The $111 a month currently provided in federally-funded cash assistance is meant to meet the basic subsistance of these people. Without it, they will be unable to afford even the overcrowded, inadequate housing most of them are forced to live in. Where will they go? Will they wander our streets? Will they head to states that have general assistance and medically needy programs and where the Federal government will still be providing 100 percent reimbursement?

The loss in medical assistance is even more alarming. The Cuban/Haitian entrants, unlike most refugees who came through processing camps outside of the United States, arrived in Florida with high incidences of chronic diseases. Moreover, the Haitians, in particular, are experiencing excessively high birth rates. It has been estimated that one Haitian baby is born every 4 hours at Jackson Memorial Hospital in Miami. After March 1, most will be born at local expense. Between March 1 and September 30, we estimate a total loss of $11.3 million in medical care alone. Health care is not discretionary; somebody will pay the bill. That somebody will be the public hospitals and private-paying patients whose costs will rise to absorb increased bad debts.

In the process, the Federal budget will be reduced; but the burden will only be shifted -- not eliminated. The residents of Florida will end up paying for their national government's inability to control its borders.

By September 1982, a total of over 28,000 persons will be affected and $36 million in benefits will be lost. This is in addition to the more than $145 million of documented, unreimbursed expenditures Florida taxpayers have borne to support education, criminal justice and related services since the start of the Mariel boatlift in April of 1980. The frustration and anger of our citizens, the desperation of the refugees and entrants, and the concentration of these problems in a small strip of land in South Florida have ominous potential for long term social chaos.

Therefore, it is imperative that HHS delay the implementation of these regulations in order to give states and HHS time to agree on alternative approaches which would be less catastrophic on these individuals and the communities that have been the primary resettlement areas in this country. Moreover, we demand a full explanation of why this action is being taken in the first place. According to officials in the Office of Refugee Resettlement, grant awards for the first two quarters of Federal fiscal year 1982 total only $47.5 million under current directives that apply full 36 months of federal funding. This is far less than one-half of the $130 million which Congress specifically appropriated for cash, medical and social services for Cuban/Haitian entrants. It is my understanding that budget figures for the Refugee program raise similar questions.

We firmly believe that it was this Committee's intent in the passage of the Refugee Act of 1980 to affirm the Federal Government's responsibility for meeting the basic needs of these individuals and families. At the State level we are now looking to you, with less than a month away from March 1, to take the strongest possible action to prevent the implementation of these particular regulations.

The leadership you have provided in bringing order to the chaos of Federal immigration and refugee policy is applauded. Your continued assistance in carrying through on the commitment of the Federal government is critical.

Thank you for the opportunity to speak with you today.

The following projections are based on a March 1, 1982 implementation date of the regulation limiting general assistance benefits to the first 18 months that a refugee/entrant is in the United States.

DIRECT ASSISTANCE (CASH) PAYMENTS

MONTH	CURRENT CASELOAD PROJECTIONS			REVISED CASELOAD PROJECTIONS			TOTAL PAYMENT REDUCTIONS
	REFUGEES	ENTRANTS	PAYMENTS	REFUGEES	ENTRANTS	PAYMENTS	
JAN '82	2,942	27,548	3,703,023	2,942	27,548	3,703,023	-0-
FEB	2,916	27,717	3,998,333	2,916	27,717	3,998,333	-0-
MAR	2,891	27,886	4,018,805	899	4,395	690,973	3,327,832
APR	2,867	27,971	4,028,606	792	3,426	550,533	3,478,073
MAY	2,844	28,056	4,038,597	682	2,906	468,306	3,570,291
JUN	2,822	28,141	4,048,879	552	2,472	394,692	3,654,187
JUL	2,801	28,141	4,047,578	493	1,972	321,732	3,725,846
AUG	2,781	28,041	4,033,596	449	1,715	282,445	3,751,151
SEP	2,762	27,941	4,019,699	391	1,425	237,024	3,782,675
TOTALS			$35,937,116			$10,647,061	$25,290,055

MEDICAID PAYMENTS *

MONTH	CURRENT CASELOAD PROJECTIONS			REVISED CASELOAD PROJECTIONS			TOTAL PAYMENT REDUCTIONS
	REFUGEES	ENTRANTS	PAYMENTS	REFUGEES	ENTRANTS	PAYMENTS	
JAN '82	2,942	27,548	1,776,530	2,942	27,548	1,776,530	-0-
FEB	2,916	27,717	1,784,862	2,916	27,717	1,784,862	-0-
MAR	2,891	27,886	1,793,253	899	4,395	308,460	1,484,793
APR	2,867	27,971	1,796,807	792	3,426	245,766	1,551,041
MAY	2,844	28,056	1,800,419	682	2,906	209,058	1,591,361
JUN	2,822	28,141	1,804,090	552	2,472	176,196	1,627,894
JUL	2,801	28,141	1,802,867	493	1,972	143,626	1,659,241
AUG	2,781	28,041	1,795,845	449	1,715	126,088	1,669,757
SEP	2,762	27,941	1,788,941	391	1,425	108,811	1,680,130
TOTALS			$16,143,614			$4,879,397	$11,264,217

*Medicaid assumes a monthly cost of $58,266 to refugees/entrants per case, based on past experience

Senator SIMPSON. Mr. Barry Van Lare, please.

Mr. VAN LARE. I do not have any separate remarks, Mr. Chairman.

Senator SIMPSON. You do not have any separate remarks. I am sorry, I thought you did.

You state to us that the Federal commitment to 100 percent funding of cash and medical assistance to all refugees with economic need is essential to insure this rapid and effective assimilation. What kind of documentation might you furnish to us in our oversight capacity that such a policy, even if for 36 months or even longer than that, leads to an effective and rapid "assimilation," especially when we see these extraordinary refugee dependency rate figures?

Mr. PINGREE. I would disagree with Mr. Hawkes, Mr. Chairman, relative to the ability of the Cuban population to assimilate into the community. Within 1 year that dependency rate is already down significantly, below what he cited.

Senator SIMPSON. Do you have that rate? He did not have those figures.

Mr. PINGREE. Thirty-five to forty percent.

The Haitian community, now that is more difficult. We did not have as large a Haitian community in south Florida prior to this flow. The language Creole is not as easy for the community. We have basically a bilingual community in south Florida, and it is not as easy for Haitians to assimilate, they do need, I think, more time. We might compare this to the Cubans coming in the 1960's, at that point you had an unlimited program for Cuban refugees as far as funding until they could assimilate.

In fact, in this case, we are only asking for 3 years, and I would even suggest that one possible compromise that this committee and the Department ought to look at is simply to continue the funding through this fiscal year, and then during that period of time, see what is happening. Take a look and evaluate what is occurring as far as assimilation.

I don't think they have any facts and figures to bear out their current policy shift, and saying that these people, in essence, are lazy, and are going to become welfare recipients.

Senator SIMPSON. I don't think that has entered the debate. I would rather not pursue those things. No one has brought that forward as part of any testimony.

Mr. PINGREE. That is not my understanding.

Senator SIMPSON. Not here today, certainly. I find, in immigration and refugee policy matters, if we can clean the emotionalism out of the way and the racism, we may eventually get the task done, and it is as tough as hell.

Mr. PINGREE. I would agree, Senator, but when you have the detention camp in south Florida, it is hard not to deal with racism and other problems.

Senator SIMPSON. That is certainly true, and that is why we do put it up on top of the table and discuss it.

You have an interesting background. You administer a budget in Florida of some $2 billion and a staff of nearly 35,000. That is an extraordinary responsibility on you, indeed, and that is why your testimony is important to us.

You indicate in this testimony that the State was never consulted on the impact of the proposed regulations on your State by the Department of Health and Human Services. Did Florida provide information or suggestions in the formulation of the various options by ORR, and has your State been in contact at all in this past year with the Office of Refugee Resettlement with regard to these proposed regulations? I would be most interested in that.

Mr. PINGREE. We have had significant contact with the Department of Health and Human Services on a regular basis, but the fact is that the proposed regulations came out, and then we were asked for our comments and feedback.

State and local officials met with them on January 18, in Miami. We were requesting an April 1 date, not as final, but so that the Congress would have the opportunity to fully review through hearings such as this, this proposed regulation and its impact. We were led to believe that, in fact, it would be an April 1 date, and within a week I received a phone call indicating that it was going to be March 1.

Senator SIMPSON. There were some serious errors in timing with regard to the regulations, especially at a time when the Congress was headed into recess, and very little time was given for responses not only by agencies such as yours, but by the Congress itself. I hope that message will be clearly identified in the future. I think we are ill-served with that type of timetable.

You have indicated the Governor's desire for the delay in the implementation in order to give the State time, which is an interesting thought. Has Florida considered any other alternatives, other than the one you mentioned about the fiscal year, which might be preferable from your State's point of view? I ask because yours is a State whose Governor I never hesitate to have testify. He represents the National Governors Association before the subcommittee often and does an excellent job.

I would wonder what alternatives or approaches, if you have any to share?

Mr. PINGREE. Our position is clearly stated. We do believe that it should be the 36 months. I am, however, realistic enough to understand that maybe something other than that will have to be looked at.

Our primary concern is that we have approximately $149 million of unreimbursed State and local costs, and a continuing problem. We want to do whatever we can to have these refugees and entrants assimilated into our community, and into this Nation. We are willing to do whatever is reasonable to reach that goal. We don't think that there has been adequate discussion relative to possible options, which would lead us to that goal.

Senator SIMPSON. What do you think of this targeted assistance program becoming part of the option, instead of this provision for reimbursement for general assistance; is that program something that can be structured to meet the needs of Florida?

Mr. PINGREE. If you are referring to what I know as impact aid, at least as far as the impact aid proposal that was offered earlier as far as aid to communities that are heavily impacted by refugees, our problem with what was proposed was that $20 million was recommended nationwide, and our own costs are running annually

$41 million. So we don't think that it is very reasonable to have a national program that is half of what is our State's annual problem.

Senator SIMPSON. Extraordinary figures. You have helped fill in some information for us.

May I ask you, do you have a figure on the Haitian dependency rate?

Mr. PINGREE. That is much higher, and I do not have an actual fix on it. It is much closer to the higher figures that have been cited.

Senator SIMPSON. If you could furnish that for the record, that would be helpful because, as I said, you come well-regarded and respected. With what your agency oversees down there, it really is extraordinary.

I appreciate your testimony. I have some further questions and I believe Senator Hatfield may have some, I will submit those to you in writing. I thank you very much for your willingness to be here. I appeciate it very much.

The next panel consists of four individuals, Jerry Burns, who was introduced to you by Senator Hatfield, who is the State Refugee Program Coordinator of the Department of Human Resources in Salem, Oreg.; Susan Levy, Wisconsin Resettlement Assistance Office, State of Wisconsin, in Madison; Alan J. Gibbs, secretary of the Washington State Department of Social and Health Services in Olympia, Wash.; and Librado Perez, Social Service Agency, Alameda County, Oakland, Calif.

Nice to have you all here, and I look forward to having your testimony. We do have the time limitation, and ask that you observe seriously this peculiar battery of bulbs. I thank you. If you would proceed in the order noted on the agenda, I think that it would be most appropriate.

STATEMENT OF JERRY BURNS, STATE REFUGEE PROGRAM COORDINATOR, DEPARTMENT OF HUMAN RESOURCES, SALEM, OREG.

Mr. BURNS. Senator, I would like to submit my written testimony for the record, and verbally summarize it here now.

For 6 years Oregon has served as an assertive and effective partner for the Federal Government in the refugee program. We have continually directed our programs, our priorities, and our funding at increasing refugee self-sufficiency, and in trying to reduce public assistance dependency. Some of our efforts have been so successful with refugees that we have applied them to our nonrefugee population.

CURRENT CONDITIONS

Yet, it is our feeling that over the last 6 years, our initiatives to be an effective partner for the Federal Government have continually backfired: (A) Oregon now has six voluntary agencies in the State whereas 6 years ago we had only two. (B) Our refugee population is 17,000, 3 times our per capita share, and the arrival rate continues at this disproportional level. (C) Eleven thousand refugees in Oregon are on public assistance, two out of every three in the State. (D) Refugee unemployment is now at 49 percent. For every refugee that is unemployed in Oregon, there are 52 nonrefugees looking for work. (E) This year, our social service funds, the backbone of our efforts to try and reduce public assistance dependency for refugees, were cut by 54 percent.

We have not sat by idly as our initiatives have backfired. We have watched and we have protested as Federal funding and Federal commitment to refugees has declined while a needy refugee population in Oregon increased. But our protests have been to no avail.

Oregon's nonrefugee unemployment rate is now third highest in the Nation at 11.3 percent. It may reach 13 or 14 percent by this spring. State social services for nonrefugees in Oregon have been cut by 40 percent over the last 3 years, and our legislature is now in special session to deal with another 20-percent cut.

Yet, in the midst of the highest unemployment in Oregon in over 30 years, the Office of Refugee Resettlement is now proposing to pull the rug out from under refugees in our State.

POLICY IMPACT

Oregon has no general assistance program and no AFDC unemployed parent program; 6,231 refugees would be cut off assistance on the day of implementation of an 18 month policy, that is 57 percent of the State's refugee assistance caseload, 80 percent of those cases are unemployed. Of the 20 percent that are employed, their earnings constitute only one-third of their basic needs.

The Office of Refugee Resettlement has indicated that equity is one of the objectives of this policy. Yet Oregon, with only 3 percent of the refugee population, represents up to 15 percent of the anticipated funding reduction as a result of this policy. Oregon and Washington together, with only 8 percent of the refugee population nationally, may represent over 40 percent of the anticipated savings. Most other States either have a low number of refugees, a low unemployment rate, or ongoing programs that refugees can convert into under continued Federal funding.

STATE ACTIONS

We have offered suggestions to the Office of Refugee Resettlement on how to maintain at least a minimal refugee program in Oregon, those suggestion's are in my written testimony. Our posture is that if these suggestions are rejected, it does not diminish Federal responsibility for this program, it only diminishes the number of States where that responsibility can be met.

If the proposed rules are implemented without change, Oregon would take two steps in the interest of effective refugee resettlement. First, we would ask for Federal support in our letter to voluntary agencies asking them not to send refugees to Oregon until our economy improves, and until we have had an opportunity to assess our capacity to serve refugees given a very limited Federal program.

Second, we would send a notice to those clients in Oregon who are being terminated from public assistance indicating our support for refugee resettlement, but the fact that Oregon cannot continue to meet their needs following Federal withdrawal. As such, the best assistance that we can provide to those refugees is counseling and assistance to move to another State where the Federal refugee program and local conditions can be more responsive to their needs. To this end, we would provide training and information to our program workers and community leaders to direct this effort in the most expeditious way possible.

ALTERNATIVES

We believe that modifications and alternatives to reduce expenditures are available and these can be both equitable and reasonable. These include eliminating the general assistance provision of the current rule, use of a food stamp definition of a household to eliminate multiple grants to a single household, or adjusting the payment level based on length of residency or the eligibility period based on family composition.

While these may not be possible in every State, it is our belief that through consultation a process could be developed where one or more of these alternatives could be implemented in every State to live within the dollars available.

RECOMMENDATION

While the refugee program is national in scope, the reality is that 10 States have about 75 percent of the refugee population. Therefore, it is our suggestion to this committee that you ask the Department of Health and Human Services to delay implementation of the proposed policy until at least April 1. Second, that you ask the office of Regugee Resettlement to consult with those 10 States with the highest refugee populations and 5 other representative States to cost-out alternatives that are available, identify the advantages and problems of each of these and develop a revised rule that is reasonable and fair.

Without significant changes, the proposed rule will be self-defeating in its efforts to reduce costs because of secondary migration. It will be destructive to refugee resettlement, and it will be destructive to State and Federal relations.

Thank you.

Senator SIMPSON. Thank you very much.

[The prepared statement and additional material submitted by Jerry Burns follow:]

PREPARED STATEMENT OF JERRY BURNS

Oregon is in the midst of a severe recession. Our 11.4% unemployment rate is third highest in the country. Business and personal bankruptcies are being filed at a rate three times that of two years ago. Economic recovery in Oregon is expected to be difficult and long.

Oregon did not ask to participate in the federal refugee program. Probably other states didn't ask to participate either. This decision was made for Oregon and other states by the federal government by establishing refugee policy. The decision was shared by the voluntary agencies which decided to resettle refugees in our state.

However, once refugees were placed in Oregon, we moved immediately to establish training and support programs designed to assist them to become independent and contributing residents of the state. Oregon has always taken an active management role in this program. We have aggressively sought federal social service funds in order to respond to the unique needs of this population.

Our programs and policies have continually been directed at reducing public assistance dependency. In 1977, we rejected federal concerns about legality and implemented job search requirements and changes in social services for refugees applying for assistance. As a result, over a two-year period, we reduced the dependency rate by half while our refugee population tripled.

We have constantly strived to update and improve programs based on experience and state-of-the-art information. This year Oregon initiated major program changes by providing funding and authority to voluntary agencies to provide case management services to refugees. This will include authority in the case planning and sanctions process of refugees on assistance, as well as authority over the intake and priorities of other local service providers. We are also actively pursuing alternatives to the current cash and medical assistance programs.

However, in retrospect, we feel our initiatives to be an effective partner/manager with the federal government constantly backfire. In six years, we have watched the number of voluntary agencies in Oregon grow from two to six. The arrival rate of refugees to Oregon is three times our per capita share. Two out of three refugees in the state are dependent on welfare. While unemployment in Oregon is now higher than its been in over 30 years of recorded statistics, our refugee social service funds, the backbone of our system to reduce dependency, have been cut by 54%.

Over the last few years, we have become increasingly skeptical and reluctant about our fiscal and management role on your behalf. We have, for several years, asked voluntary agencies to reconsider their placement policies which were directing more refugees to Oregon than we could effectively assist and absorb. There have been no changes. We have tolerated federal funding interruptions ranging from five months in 1977 to almost monthly in 1981. We have watched and protested as federal funding and federal commitment have declined while a needy refugee population continues to grow.

Unfortunately, our focus on refugees is increasingly being diverted from what is best for refugees to how much refugees will cost Oregon as the federal government backs out of its financial responsibilities. While we have advocated that the national refugee quota be directly linked to a reasonable level of available domestic resettlement funds, we have seen no real progress in this direction.

Oregon now has 17,000 refugees. 11,000 of them are on public assistance. The statewide unemployment rate for refugees is 49%. For every unemployed refugee seeking work, there are 52 unemployed nonrefugee Oregonians.

Oregon has no AFDC Unemployed Parent Program and no on-going General Assistance Program. Only 15% of the refugees on assistance in Oregon are eligible for ongoing assistance programs. The proposed rules of the Office of Refugee Resettlement (ORR) would terminate public assistance to 6,231 refugees (57% of the total assistance caseload) on the day of implementation. 80% of these refugees are unemployed. The 20% that are employed are meeting only one-third of their basic needs through job earnings.

ORR has raised the issue of equity as one argument to justify these rules. Yet Oregon, with only 3% of the nationwide refugee population, represents about 15% of anticipated savings in expenditures from this policy. That is a penalty five times greater than we should bear under an "equitable" policy. Oregon and Washington together, with only 8% of the total refugee population, may represent over 40% of the expected expenditure savings of this policy.

That would be unfair and untolerable.

We have offered suggestions to ORR on how to minimize the adversity of these policies on refugees in our state. These suggestions include:

1) Allowing an option for two-parent families to continue on assistance during their second 18 months of residency whether or not a state has an AFDC/Unemployed Parent Program;

2) Allowing a 12-month phase-in of proposed changes; and

3) Establishing an impact aid program to be operational when the cuts occur in order to provide emergency assistance, medical care and employment services to refugees who have no other resources.

These suggestions are essential to maintaining minimum federal responsibility to refugees in Oregon. If these suggestions are rejected, it does not diminish federal responsibility; it only reduces the number of states where that responsibility can be met. Oregon does not have the jobs, the resources or the intent to assume the federal burden of responsibility for refugee resettlement. If additional federal funding through impact aid or modifications to the proposed policy is not available to refugees in Oregon, we will take two actions in the interest of effective refugee resettlement.

First, we will ask for federal support when we send letters to voluntary agencies asking them not to send refugees to Oregon until our economy improves and until we've had an opportunity to assess our capacity to serve refugees within a greatly reduced federal program. Secondly, we will notify refugees that are being terminated from assistance due to the 18-month policy that the best help the state can offer is information and assistance to move to states where the federal refugee program and local conditions are more responsive to their needs. To this end, we would provide training and information to program workers and community leaders about the employment opportunities, service and public assistance programs available to refugees in other states. We would counsel and financially assist refugees to move to states where their resettlement prospects are more favorable.

Regrettably this is a radical, but serious, position for us. Oregon supports refugee resettlement. We have acted as fiscal agent for the federal government for six years despite our concerns about the number of refugees coming to Oregon, their welfare dependency, federal administrative problems and federal funding commitments. However, the proposed policy combined with our poor economy, create a situation that makes choosing Oregon as a home for refugees unwise. State acquiescence under these conditions is unconscionable.

There are modifications to the proposed policy and other alternatives available which would reasonably and equitably reduce federal expenditures without undue harm either to refugees or state and local governments. These include:

1) Removal of the General Assistance reimbursement provisions of the proposed policy. Funding could be used instead to extend the basic eligibility period or to provide impact aid either to all states or targeted areas.

2) Adoption of the concept of a food stamp household definition. Proposed by California, this would save over $30 million just in that state.

3) Reduction of cash and/or medical assistance eligibility to singles and childless couples to some period shorter than 18 months.

4) Reduction of the benefit level from the AFDC standard during part of the 36 months, such as a 50% payment level during the second 18 months.

While these alternatives or others may not be reasonable in every state, through consultation and flexibility, a policy could be established which would reduce expenditures while maintaining basic federal responsibility through a reasonable period for refugee resettlement.

While technically the Refugee Program is national in scope, the reality is that ten states are resettling about 75% of the refugees. Therefore, it is Oregon's suggestion to this committee and to the Office of Refugee Resettlement that the following steps be taken:

1) Delay the target date for implementation of policy changes until at least April 1, 1982.

2) Require the ten states with the largest refugee populations and five other representative states to develop budget figures and list advantages and problems of alternate cost-saving policies as identified by ORR.

3) Impanel those states as a task force to meet together and, with ORR in intensive consultation, to propose a revised policy.

4) Continue that task force in a consultation process during the re-enactment process of the Refugee Act of 1980.

Without such consultation and change, the policy proposed by ORR will be self-defeating in its effort to reduce costs and destructive to refugee resettlement and state-federal relations.

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OREGON REFUGEE FACT SHEET

January, 1982

Population - 17,000 Refugees
Oregon's total population is ranked 30th in the United States;
Oregon's refugee population is ranked 9th in the United States;
Oregon has three times its per capita share of refugees.

Unemployment Data (12/81)	Refugee		Non-Refugee	
	Persons	Percent	Persons	Percent
	2,981	49	154,000	11.4

Oregon has 52 unemployed non-refugees for every unemployed refugee.

Ethnic Distribution	Persons	Percent
Vietnamese	6,800	40
Cambodian	2,300	13
Ethnic Chinese	1,530	9
Hmong	2,840	17
Lao	1,700	10
Mien	1,530	9
Others	300	2
Total	17,000	100

Public Assistance (12/81)	Cases	Persons	Percent on Public Assistance
Aged, Blind or Disabled	204	218	
Non-ADC (two-parent families, singles, childless couples)	3,194	8,829	
ADC (single parent families)	628	1,898	
Total	4,026	10,945	66

18-MONTH CUTOFF - CLIENT PROFILE

Total Cases: 1,882
Total Persons: 6,231

Sex		Marital Status		Employment Status	
Male	Female	Single	Married	Unemployed	Employed FT/PT
3,302	2,929	847	1,035	4,673	1,558
53%	47%	45%	55%	75%	25%

Age Group	18 - 21	22 - 30	31 - 40	41 - 50	51 - 60	61 - over
	935	2,305	1,495	811	498	187
	15%	37%	24%	13%	8%	3%

Family Size	1	2	3	4	5	6	7 - over
	1,054	245	207	151	94	75	56
	56%	13%	11%	8%	5%	4%	3%

Ethnic Group	Cambodian	Laotian	Vietnamese
	132	1,072	678
	7%	57%	36%

Skill Level of Refugees in Oregon
Residing in U.S. 18 Months

The length of time necessary to acquire English skills, living skills and job skills is directly dependent upon the number of years of education in the native country. Refugees may be divided into two broad categories: Those literate in their native language; those not or non-literate in their native language. The following statements are generally true of the typical refugee in each category. Age and position in the native culture also affect the acquisition of skills and performance.

	Profile of a Non-literate	Profile of a Literate
Comprehension	-similar to language development of American born 1-3 year old -understands single word directions with body language -can comprehend topics pertaining to immediate environment and time -yesterday, tomorrow or intangible, abstract ideas are not comprehensible	-similar to language development of American born 2-6 years old -can comprehend previously learned vocabulary and language patterns - simple tenses, affirmative/negative statements and questions -cannot understand language in unfamiliar situations or using complex or conditional sentences
Oral Production	-self-initiated conversation is rudimentary -uses one to two word sentences i.e. "teacher", "doctor", "no school", go 1:00", "she home" -can respond to repeatedly drilled simple English questions and statements	-similar to language development of American born 2-3 year old -ability to initiate and respond to conversation related to daily living in only simple direct language that has been specifically taught -conversation is characterized by scrambled, fragmented phrases rife with pronunciation errors
Reading	-can name letters of alphabet but limited ability to associate sound with symbol -pre-primary sight words -limited to specific classroom words and taught sight words	-2nd-3rd grade level -can recognize words and sentences already practiced in listening and speaking
Writing	-can copy alphabet -can print name and address on a form by copying it from a practice form -not able to initiate independent writing	-2nd grade level -can write what he can say
Coping skills	-familiarity with community limited to home/school/work site -can identify money, give correct amount as requested but cannot make change -can use telephone for emergencies but not able to understand or make appointments by phone -able to ride bus on learned route -able to purchase familiar items pertaining to food and clothing -cannot survive without assistance with family functions such as getting children to the doctor, dentist, renting apartment, paying bills	-familiar with community but cannot function independently in community in unforeseen situations -can function in specific areas if they have been taught i.e. market, use of telephone, riding the bus, using postal services, doctor -is lost and confused if situation differs from learned behavior -can ask for help but often cannot understand response
Job Skills	-limited to repetitive manual labor tasks which can be demonstrated and don't require literacy -is unable to read street signs, recipes, maps, labels, warnings -needs assistance in getting and retaining job	-minimal job skills due to low English level -restricted to entry level jobs which are closely supervised and instructions are given one or two at a time -unprepared for work in high technological, consumer-oriented society i.e. quality control -experience frustration due to misunderstanding of language and system of work environment -have to divide their attention between understanding directions and performance of skill -needs assistance in getting and retaining job

VICTOR ATIYEH
GOVERNOR

Department of Human Resources
ADULT AND FAMILY SERVICES DIVISION
PUBLIC SERVICE BUILDING, SALEM, OREGON 97310

January 11, 1982

Ms. Ellen McGovern
Office of Refugee Resettlement
Room 1229
Switzer Building
330 C Street NW
Washington, D.C. 20201

Dear Ms. McGovern:

I am going to divide my comments on the proposed rule change reducing federal reimbursement for cash and medical assistance under the Refugee Resettlement Program into four categories:

1. A brief description of the status of Oregon's economy and of the refugee population here,
2. Federal responsibilities for refugee resettlement,
3. Comments on the proposed rule,
4. Conclusions.

I. OREGON'S ECONOMIC AND REFUGEE PROFILE

A. Oregon's Economy

Oregon's economy is dependent on the lumber and wood products industry. Economic conditions have nearly devastated this industry over recent months. Oregon's unemployment rate for November 1981 was 11.1 percent, fourth highest in the nation. Current trends suggest unemployment may rise to 13 percent or 14 percent this winter. Business and personal bankruptcies in Oregon are mounting at a rate three times that of two years ago. Housing and building starts have plummeted.

All of this has obviously had severe effects on state and local governments. The budget of the Oregon Department of Human Resources has been reduced by approximately 40 percent over the last three years. The State Legislature begins a Special Session in January to consider even more program and service reduction in all state agencies.

B. Refugee Profile

1. Refugee Population Demographics

Oregon has 17,500 refugees. While the state's total population ranks 30th in the nation, our refugee population is the seventh largest. Oregon has the third highest refugee population on a per capita basis of refugees to nonrefugees.

2. Ethnic Breakdown

Just over one-third of our refugee population is Vietnamese. The other two-thirds are split between five other ethnic groups, with the Hmong highest at 20 percent of the population and ethnic Chinese lowest at 10 percent.

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3. Literacy and Job Skills

About 70% of the refugees entering Oregon over the last two years are illiterate in their native language. Few have transferable job skills and many have little or no sense of American society, values, and practices.

4. Unemployment Rate

The unemployment rate of refugees in Oregon is 50 percent. For every refugee looking for work, there are 52 unemployed nonrefugee Oregonians seeking jobs. When one adds what are generally referred to as "discouraged workers" (those unemployed, but not actively seeking work or using other than official counting sources) to this count, each unemployed refugee may be competing with up to 100 nonrefugee job seekers. Official counts of unemployed Oregonians are eight times higher than our total refugee population.

5. Welfare Dependency

Over 90 percent of the refugees coming into Oregon apply for and receive cash and medical assistance immediately upon arrival. Sixty-three percent of the refugees in the state are currently dependent on public assistance. Eighty-Five percent of eligible refugees are now receiving public assistance. The number of refugee cases that reopened increased 73 percent during 1981. This is due almost solely to loss of jobs by employed refugees.

II. FEDERAL RESPONSIBILITIES

The admission of refugees to America is the sole privilege of the federal government. Along with that privilege is the responsibility for funding resettlement services until refugees can adequately and appropriately continue on their own towards acculturation and self-reliance. The Refugee Act of 1980 indicates its purpose is to "provide comprehensive and uniform provisions for the effective resettlement and absorption of those refugees who are admitted." (Public Law 96-212, Title I, Section 101(b).) Federal responsibility is based on two principles.

1) That refugees will be provided with sufficient resources to achieve economic self-sufficiency and not be abandoned or subject to undue harm and trauma in the process of resettlement; and

2) That state and local governments will not be unduly burdened by federal decisions to admit refugees.

The proposed rule is contrary to both these principles. As I will describe, the effect of this policy in Oregon would be severe. Not only would over one-third of our refugee population be abandoned without jobs or income in the middle of winter, but state and local governments, hospitals, private agencies, and others will be overburdened by requests for help from individuals and families in crisis situations. I cannot support such an outcome.

The Refugee Act of 1980 established Congressional intent for 36-month funding of necessary cash and medical assistance to all refugees. The Department of Health and Human Services supported this position in testimony before Congress. ORR and HHS must live up to this intent.

III. PROPOSED RULE COMMENTS

A. Impact

1) Oregon does not offer the AFDC-Unemployed Parent Program. The state General Assistance Program is restricted to single adults medically unemployable for at least 60 days. It is a very small program. There are no county or local General Assistance Programs in Oregon.

2) Implementation of the proposed policy on March 1, 1982 would terminate all assistance to 1,882 refugee cases composed of 6,231 people. These are refugees who are not eligible for any other program in the state. This is 57 percent of our current refugee public assistance population (11,016 persons) and 36 percent of the statewide refugee populations (17,500). By March of 1983, 2,762 cases and 8,583 refugees would be cut off assistance. This is 78 percent of our current assistance population and 40 percent of the statewide refugee population.

IMPACT OF PROPOSED RULE - TERMINATIONS

	March 1, 1982		February 1, 1983 Cumulative	
	Cases	Persons	Cases	Persons
Two-Parent Families	990	5,248	1,360	7,066
Single Adults	807	807	1,284	1,284
Childless Couples*	85	176	118	244
Total	1,882	6,231	2,762	8,583

*Includes some elderly relatives in household.

3) Currently, 603 of the cases (representing 2,309 people) who are to be terminated over the 12-month period after implementation have jobs. In other words, 78 percent of the cases losing federal assistance would have no other means of support. Of those employed, average earnings per person equals $52.11, or about one third of the average amount they received on assistance.

EMPLOYMENT OF CASES TO BE TERMINATED BY MARCH 1983

	Cases Terminated	Cases Employed	Percent
Two-Parent Families	1,360	386	28%
Singles	1,284	200	16%
Childless Couples	118	17	14%
TOTAL	2,762	603	22%

4) Oregon is already facing a 65 percent net reduction in refugee social service funds for FY 1982. Our 1981 social service allocation from the Office of Refugee Resettlement was $3,868,000. The most optimistic projection we have received from ORR for 1982 is just over $1,800,000. This alone represents a 54 percent reduction in funds. Adjustments for inflation and new arrivals increase that reduction to 65 percent.

Obviously, we do not have federal refugee funds to increase training and job services to refugees scheduled to lose assistance based on this policy. Nor does Oregon have the capacity to divert state or local funds to help these refugees. As I mentioned earlier, state social service budgets have already been reduced by 40 percent over the last three years.

5) We are developing plans to track and assess the impact of final policy regulations. Through our planning efforts, we have identified seven categories to describe what will happen to refugees cut off assistance in Oregon:

   a) Some will simply find work and take care of their needs. While we can hope all will do this, given the state employment picture, we expect very few will be successful in finding jobs.

   b) Some will move into the homes or apartments of family or friends to reduce costs. Since 50 percent of refugees on assistance already share housing space, this also will be a limited option.

   c) Some two-parent families will break up in order for most of the family to continue assistance through regular programs. Other refugees will obtain sufficient documentation to qualify for Social Security.

   d) Some refugees will move out of state. This is a frequently stated option within the refugee community.

   e) Some refugees will "fall through the cracks." These are refugees who will, through circumstances, end up in medical or mental hospitals or simply disappear.

   f) Some refugees may commit suicide. While we hope none choose this action, it is, nevertheless, a realistic concern. (We have over the past two months provided suicide prevention training to over 100 Refugee Program staff.)

   g) Some refugees may turn to crime out of frustration, anger, or most likely, need.

Of the seven categories, six have negative consequences ranging from minor individual or family disruption to personal catastrophy. Only one of the outcomes is positive, those who find work. Your proposed rule and accompanying discussion does not reflect understanding, let alone anticipation or planning for the negative impact of such changes.

Oregon will not be able to implement policy changes until April 1, 1982 at the earliest. We have been and will continue to undergo changes in regular program services and eligibility based on both federal changes and state budget problems. I will not start staff in any part of the agency on conversion plans for refugee policy until final regulations are published. Following that, the state requires at least 60 days to make changes in computer systems and policy manuals, train staff, and notify and assist refugees to be terminated.

B. Objectives of the Proposed Rule

Three objectives are listed in the Federal Register for the proposed rule: 1) Reducing unnecessary dependency; 2) reducing special treatment of refugees; and 3) relieving state and local government costs during the first three years residency. The presumption that these are reasonable and mutually compatible objectives which can be achieved by the proposed rule for all states is in gross error.

1) Regarding reducing unnecessary welfare dependency -- Given the number of refugees in Oregon, their education and skill levels, the reduction in refugee training and employment funds, and the state's economy and unemployment rate, unnecessary refugee welfare dependency is minimal. By no stretch of anyone's imagination does it equal the 57 percent caseload reduction that would be affected by this policy.

   I believe we should reduce unnecessary dependency as much as possible. The Office of Refugee Resettlement can assist Oregon in this through three actions.

   a) Develop and implement reasonable placement policies that reduce the number of refugees coming to Oregon;

   b) Increase English training and employment funds so that we can adequately train and place refugees into work; and

   c) Allow tougher sanctions in public assistance programs for those refugees on assistance who do not cooperate with training or job search plans developed.

2) Regarding reducing unequal treatment provided refugees -- Government, at all levels, has always distinguished the special needs of at-risk populations and responded based on those distinctions. Services and benefits provided to physically handicapped, the elderly, veterans, mentally ill, and other special groups have to be based on local conditions and individual needs. Refugees are an at-risk population. Your reference to them as simply "among low-income populations" ignores the multitude of cultural, language, and skill factors and the very circumstances of their departure from home countries that makes them an at-risk population. The Federal Refugee Program should not and has not been directed at this population simply based on their low income. It is directed at all of the other conditions which must be addressed to assist them in achieving self-reliance.

   To the extent there is such a measuring device that gauges "equal treatment" among special populations, this proposed rule and federal social service funding reductions to Oregon drop refugees in this state past the "equality" level to the point of languishing without hope.

3) Regarding relieving state and local government costs for the first three years residency -- The proposed policy simply does not meet this objective as it applies to Oregon. Given the characteristics of refugees in Oregon and the state's economy, unless refugees cut off assistance move out of state, they will most certainly cost state and local government considerably. Emergency assistance, medical care, wife and child abuse, job services, community tensions will all require state and local funds. Some conditions may be taken care of by refugee associations and volunteers. Many will not. Ultimately, the cost of such response will be reductions in cash and medical assistance and services intended for nonrefugees. 36 months reimbursement may be longer than minimally necessary for refugees. Nobody knows for sure. But I can assure you from experience that 18 months is far too short a time.

C. Suggestions

1) The rule should be modified to allow, at state option, continued public assistance during the second 18 months of residency to those refugees who would be eligible for payments under an AFDC-Unemployed Parents Program, whether or not such a program exists in the state for nonrefugees.

This would allow states to decide whether equity with other assistance programs is more important or justifiable under conditions in the state than refugee impact and human need.

Without this modification, the proposed rule penalizes refugees and penalizes states for decisions states have made in the past about nonrefugees. The characteristics, circumstances and prospects of two-parent refugee families are not the same as their nonrefugee counterparts. Eighteen months of assistance and services to refugees who arrive illiterate in their own language, possessing no transferable job skills and little understanding of American society does not make them competitive with nonrefugee low-income Americans.

2) The rule should be modified to allow, at state option, continued public assistance during the second 18 months of residency, to refugee single adults and childless couples 55 years of age and older.

This would be responsive to the unique needs and characteristics of this subgroup. Because of both physical and cultural differences in Asian cultures, 55 is generally considered as the retirement age. Because of these differences and other factors, elderly refugees require much longer and more intensive services than their younger counterparts. Realistically, it is also exceedingly more difficult to place older refugees into jobs.

3) The rule should be modified to allow, at state option, the phasedown from 36 months to 18 months eligibility of AFDC benefits to refugee single adults and childless couples under 55 years of age. A deadline of April 1, 1983 should be established for accomplishment of this phasedown for participating states.

Oregon must have a phasedown period in order to responsibly implement these changes. It would be our intent to phase down according to the following schedule:

April 1, 1982	Terminate all cases in the U.S. over 30 months.
October 1, 1982	Terminate all cases in the U.S. over 24 months.
April 1, 1983	Terminate all cases in the U.S. over 18 months.

This would give refugees and local providers ample opportunity to identify, counsel and assist refugee clients losing assistance benefits.

4) An impact aid program should be developed and available to assist refugees whose termination presents severe adversity. A per capita dollar amount based on case or person terminations should be established. Funding should be directly to voluntary agencies for their use in providing emergency assistance or other services to refugees affected by these policy changes.

D. State Actions

If the Office of Refugee Resettlement concludes that modifications to this policy, including eligibility changes, transition phase-in periods, and impact aid are not possible, it will have a severe and traumatic affect on refugees in this state. Oregon supports responsible refugee resettlement. We cannot, however, replace federal responsibility and federal funds for refugees cut off assistance after 18 months. In short, Oregon will have nothing to offer these refugees -- not jobs, not public assistance, and not services or training to help them to help themselves.

Therefore, if changes are not possible to respond to the special needs and circumstances of refugees in Oregon, I will ask your support in our request to local and national voluntary agencies to not bring any newly arriving refugees into Oregon until our economy and employment improve and we are able to assess our capacity to serve refugees restricted to 18 months of assistance with limited training and social service funds. Voluntary agencies operating in Oregon should, however, be continued at current staffing levels for at least six months to assist the thousands of refugees whose assistance will be terminated.

Additionally, it would be our intent to send a letter to all refugees in Oregon who will be terminated from assistance describing the situation that we jointly face, indicating our basic support of refugees but our encouragement that they move to another state. We will provide information and training to refugee leaders, assistance eligibility workers and others regarding the employment rate, welfare programs and social services available to refugees in other states. Given the situation in Oregon, moving to another state will be the most reasonable option available to most refugees cut off assistance. Many other states offer improved employment opportunities, refugee training and employment programs, and if nothing else, at least continued financial support for up to another year and a half.

IV. CONCLUSIONS

The Refugee Act of 1980 established law and Congressional intent that federal funds be available to meet the cash and medical assistance needs of refugees for the first 36 months of U.S. residency. Until the provisions of the Refugee Act are changed, the Department of Health and Human Services should not alter the program or subvert the intent of Congress. The proposed rule change during the middle of the fiscal year, without Congressional direction and without adequate opportunity for review and implementation, is neither prudent nor is it likely to be cost effective.

Over the last month, we have contacted a number of states and other sources regarding the impact of this policy. It is explicitly clear that Oregon is one of only three or four states that will suffer severely and disproportionately under the proposed rule. The Office of Refugee Resettlement has continually pushed the issue of equity to justify its actions. Yet it is hard for refugees and refugee providers in Oregon to see the equity with other states of our 65 percent social service funding reduction. This proposed rule strikes a similar definition of equity. With the exception of Oregon and a couple of other states, all other states either have very few refugees, low unemployment or ongoing General Assistance and/or AFDC Unemployed Parent programs. The proportionate impact of this policy in Oregon is many times that of other states. It is not equitable to impose this burden on our refugees or our state.

While Oregon fully supports efforts to balance the federal budget, reductions must be made fairly and responsibly. We recognize that funding of refugee care and services is drawn from the same pot that has forced reductions in services and assistance to needy nonrefugees. It is, therefore, essential that reasonable and appropriate costs for refugee resettlement be established and linked to formulation of the annual arrival quotas. It is unconscionable to bring refugees into this country under one set of expectations and then capriciously change the rules and destroy those expectations.

Before the federal government reduces its commitment and funding of refugee resettlement in Oregon, it should look more closely at the programs and services provided to nonrefugees in other parts of the country. Oregon has always been a leader in the reform and improvement of social welfare programs. Comparisons and examination should be made before you penalize Oregon's refugees for the historical innovation and dedication of this state to meeting legitimate needs through efficient and effective programs.

In conclusion, I am dismayed and frustrated with the Office of Refugee Resettlement on the mid-year timing of proposed changes, the short comment period over a holiday season, the proposed implement date and the failure to follow Congressional intent of the Refugee Act. But most of all, I'm concerned about the disproportionate burden of suffering this policy would place on refugees in Oregon.

For six years, Oregon has been a full partner with the federal government in this program. However, as Governor Atiyeh said in his letter to the President last August, our treatment by the federal government over the last year is jeopardizing state commitment to the refugee resettlement process. Your proposed rule further deteriorates our faith in the process and principles of federal responsibility for refugees and would be devastating to thousands of trusting refugees who must look to the federal government for their future. I hope that you will respond to their needs.

Sincerely,

Keith Putman
Assistant Director, Human Resources
Administrator of Adult and Family Services

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Senator SIMPSON. Now Ms. Susan Levy.

STATEMENT OF SUSAN G. LEVY, WISCONSIN DEPARTMENT OF HEALTH AND SOCIAL SERVICES, STATE REFUGEE RESETTLEMENT COORDINATION

Ms. LEVY. I am Susan Levy, representing the Wisconsin Department of Health and Social Services, where I serve as the refugee coordinator for the State.

I am here to urge you today to halt the implementation of these regulations and, as Mr. Burns has indicated, require ORR to sit down with the States to find an alternative package of cost-saving options that will meet the budget requirements, but not shift costs to State and local governments, and not create the massive secondary migration that will result from these proposals. I am also urging you to provide the social services funding that will lead to true independence for refugees, so that we do not continue to face these high dependency rates.

The proposed rules are based on three major fallacies. As a result, they will not in fact create equity, but inequity, and create great hardship for refugees. They will not facilitate independence, but retard efforts to become self-sufficient for refugees. They will not save money, but potentially may cost more money to provide less assistance. And, they will not maintain the Federal commitment to funding the refugee program, but will instead unduly burden States and municipalities.

EQUITY

The first fallacy of these regulations is that a combination of AFDC and general relief programs can more equitably meet the needs of refugees. We do have a general assistance program and an AFDCU program in our State. However, general assistance is highly variable, often is only an emergency program of less than a month in duration, or emergency medical care and shelter. Both need and assistance levels are determined in the discretion of more than 656 different relief officers. There is obviously wide variation within that program.

More than 3,000 people would be terminated from the program in Wisconsin under these regulations. Our indication is that the Federal savings are based on the assumption that 80 percent of those terminated would not qualify for any assistance. All of that is going to fall on the back of the refugees. Their need does not disappear.

Of those people who would be terminated: Some are employed; some are elderly widows whose children have grown; but in our State a full 84 percent of the refugees who will lose assistance are stable, intact families with large numbers of children. Fifty-one percent of those would be terminated from assistance are, in fact, children.

The reason that those people do not qualify for our AFDCU program is because they are refugees. They spent so long in reeducation camps that they cannot document a work history for assistance that, had they been Americans, they would qualify for. Therefore, they are not being equitably treated under this proposal.

INCREASED STATE AND LOCAL COSTS

The second fallacy of the proposed rules is that this is a cost-effective means of meeting the Federal commitment. In fact, it will establish a costly administrative nightmare and precipitously shift substantial costs to State and local units of government.

The variations within the general relief program in our State, especially with 656 administrative units, obviously are going to create a great administrative problem and incur additional costs. This is especially true considering all intake staff need to be bilingual, that most of the assistance is vouchered and inkind assistance, and that we have no existing administrative system working with those general relief agencies.

We will have to set up 14 different administrative systems with those 700 and some units—when you count the 72 counties that we will also have to deal with—to administer this program. Obviously, this is not an administratively feasible cost-effective program.

If you consider the secondary migration that will almost certainly result, the cost savings are likely to be nil. In fact, one of the tragedies in our State is that, even though assistance levels are low, because of the administrative costs, we expect this will cost $1 million more in this fiscal year to administer these regulations.

To the extent that any Federal savings are realized, they will come at the expense of State and local units of government. Administrative costs are not covered. Public health costs currently covered under the program are not covered. Emergency medical services are not covered. The care of unaccompanied minors is not covered under the regulations. All of these costs would have to be borne by the State and local units of government. It is not a Federal commitment that is being met.

Refugees do, in fact, become self-sufficient. The fact that, after the 36-month limitation which was initiated recently, very few people did go on general relief indicates to me that most refugees do become self-sufficient. There is documentation in my written testimony of further indications that *refugees do, in fact, become* self-sufficient within the 36 months.

However, major reductions of the social services funding, the elimination of the "30-and-a-third work incentive," plus the elimination of a system of mandatory work requirements and training that we have established under the program, would all be eliminated under the proposal. These regulations would force greater dependency on the refugees.

ALTERNATIVES

We would join with Oregon in the belief that we can find ways of reducing costs. We have suggested two, and we believe that there are other ways that this could be found. What we would like to see is a system where ORR would sit down with the States and allow the States the flexibility to define measures within their own States that would, in fact, result in cost savings, without shifting the cost.

There are two items and written testimony that I would like to submit for the record.

Senator **Simpson**. If you would, please, I would appreciate that.

[The prepared statement Ms. Levy and additional material follow:]

PREPARED STATEMENT OF SUSAN G. LEVY

My name is Susan Levy, and I represent the Wisconsin Department of Health and Social Services, which administers all refugee and entrant programs. I am the Coordinator of the State Resettlement Assistance Office, a position I have held since 1975, when Wisconsin became one of the first states to establish a State Refugee Coordinator's Office. During that time, I have watched the resettlement program grow in caseload, grow in the sophistication of local services and grow in complexity, as the states struggle to cope with conflicting program directives, shifting international priorities and continuing fiscal uncertainty.

In 1978 and '79, our office and other state and local officials participated in the development and passage of the Refugee Act of 1980. This Act promised to establish much-needed rationality and continuity in an area beset by program and fiscal uncertainties. Less than two years later, we are back urging you to honor the federal commitment as defined in the Refugee Act of 1980 and halt implementation of the rules currently proposed by the Office of Refugee Resettlement. The Refugee Act works, but there are areas where the states could responsibly reduce costs. We will suggest a number of changes to this Committee, as we have suggested them to the Office of Refugee Resettlement. No one suggestion will be a workable alternative in every state, but every state could identify a cost-saving option in its state. I urge that the Committee halt implementation of this proposed rule and request the Office of Refugee Resettlement to work with the states to identify a package of other, responsible means of reducing cash and medical assistances costs without shifting those costs. I also urge the Congress to provide sufficient social services funding so that refugees may, in fact, become contributing members of our communities.

The current policy proposals were developed at the federal level without effective consultation with the states and counties, and without adequate information on general relief and the impact of these policies. They are based on three major, falacious assumptions concerning refugee resettlement and local welfare programs. As a result, they may simultaneously: create great hardship for refugees and retard their efforts to obtain self-sufficiency, cost more money to provide less assistance and unduly burden states and municipalities.

1) The first falacy is that a combination of AFDC and general relief programs can more equitably meet the needs of refugees.

   Any alternative that assumes that the uneven hodge-podge of local General Assistance programs can somehow provide for the special needs of these newly arrived people greatly misreads the nature, purpose and availability of such programs. While Wisconsin does have a General Assistance Statute, General Assistance is generally available only under very restrictive conditions and, when available, it is usually limited to very short term (days/ weeks) emergency assistance such as overnight shelter or medical care.

   Both need and assistance levels are determined "in the discretion of the relief officer". While in some localities, a recipient may get more assistance under General Relief than under AFDC, 45% of the municipal agents responsible for administering General Relief said they had no active General Relief program. Of all respondents of a survey of General Relief administrators: 9% reported they did not provide food aid; 18% did not provide aid for shelter; 53% did not provide for clothing; and 14% did not provide fuel aid. Half of all General Relief units provide assistance for only one month or less.

   In short, this is not a system designed to provide adequate, ongoing assistance to dependent families. It is a short-term, stop-gap system to provide emergency relief until other sources of income can be obtained.

   Furthermore, community and personal resources often available to needy individuals are generally not available to refugees. Refugees lack the language and employment skills necessary for self-sufficiency. They have no savings nor assets, since these were the price of their escape. They have no independent friends or relatives on whom to lean for interim assistance or moral support. Current AFDC programs provide financial support for only 12% of Wisconsin's needy refugee and entrant populations; the remainder, who do meet definitions of need, are excluded from assistance because of family composition or inadequate documentation of work history. Language barriers and educational deficiencies bar refugees from many job training programs. Lack of employment history in this country excludes them from unemployment compensation. Finally, effective counseling and support services are not often available in the refugee's language. In short, it is simply not fair nor equitable to force these people into a system which cannot respond to their needs.

A large number of people would be adversely affected by these proposed policy changes.

In November 1981, the Wisconsin population consisted of nearly 13,000 refugees and entrants, 9,000 of whom had been in the United States 36 months or less. Of the 9,000 potentially eligible clients 5,000 were receiving cash assistance, 600 under regular AFDC programs and 4,400 under special refugee and entrant programs. Upon implementation, more than 3,000 people (or 60% of all the dependent refugees and entrants) would be terminated from current programs and would have to apply for whatever general relief was available.

In 1980, the federal government admitted the largest group of refugees and entrants ever brought to the United States under this program. It is this "population bulge" which will be directly and immediately affected by the proposed rules changes. We are, in effect, being penalized for federal decisions made two years ago. As this population bulge passes through the resettlement system, costs in the Refugee Assistance Program will decline, even without rules changes.

Some of those who will be terminated will be the ambitious, who have been working hard at any job in order to support their families. At least 17% of our current caseload has some earned income. One family I know well has been here two years. After trying a succession of jobs in the first six months, the husband finally got a stable job as a dishwasher. He works 30 hours per week and goes to English classes. His English has improved and he has a good work history so now he has been looking, unsuccessfully, for a better job. That's how we told him you work your way up here - start small and make it grow. Because his dishwashing job cannot support his large family, he gets supplemental assistance from the county. Next month that will end, his income will be cut in half, and he will not be eligible for anything else. If he were not a proud man, his family would be better off if he quit his job.

Some of those who will be terminated will be the "elderly," men and women age 50 - 65 who have successfully raised their families. With no formal education, no English fluency, and no transferable work experience, their chances of finding work in today's economy are negligible. They may qualify for some food and rent vouchers and emergency medical care, but in most municipalities they will not have access to a meaningful level of support.

Some of those who will be terminated will be younger, single people who could and would find work - if the minority unemployment rate weren't 13%. For them, the language and job training which would have given them a meaningful future will be terminated.

A full eighty-four percent (84%) of the refugees who will lose assistance are stable, intact families with large numbers of children. In fact 51% of those who will be terminated from assistance are children. These families had been self-supporting in their native lands. If they were Americans, they would qualify for federal and state assistance for AFDC for Unemployed Parents. However, because they spent so long in re-education centers or refugee camps, they cannot prove that they were employed, and therefore they do not qualify for ongoing assistance. They will be pushed into an emergency relief system which was never designed to meet their needs.

One of the major arguments put forth by proponents of this new policy is that it would improve equity. In our state this is not true - most of those adversely affected would qualify for assistance if they had not been refugees.

2) The second falacy is the assumption that this is a more cost-effective means of meeting the federal commitment to fund the first 36 months of refugee resettlement costs. In fact, the proposed rules would establish a costly, administrative nightmare and precipitously shift substantial costs to state and local governments.

Because the impact of these policy changes depends on the nature of general relief in each community, I would like to describe general relief in Wisconsin - and the effects of these policies.

There are 656 different General Relief administering units in Wisconsin. County boards of supervisors determine whether General Relief shall be administered by local units of government or by county government. At the present time, there are 48 counties with county-wide administration, two counties on the group system (whereby the County Department of Social Services contracts with local units to administer General Relief), and 22 counties on the unit system, meaning each city, town, and village in the county, regardless of population size and resources is responsible for administering relief. A variety of forms of administration exist within the unit system including part-time administration by volunteers or public officials, administration by full town boards or welfare committees, or agency administration by full-time welfare administrators. In a recent survey of General Relief by the State Department of Health and Social Services "staff spent considerable time attempting to identify and compile a list of persons responsible for administering general relief in unit system counties." In many instances, the difficulty of reaching respondents by telephone during working hours prevented the completion of the survey. If the State Department of Health and Social Services can't even find the person responsible for administering assistance, how is an illiterate refugee supposed to do so?

The administrative difficulties - and costs - of setting up intake, assistance and reimbursement procedures with 656 general relief agencies - in addition to the 72 county agencies which are already administering Refugee and Cuban/Haitian Assistance Programs - are obvious. How expensive only becomes apparent when you know that:

- all of the clients have limited English fluency, necessitating the use of bilingual intake staff in both the county and municipal agencies;
- most assistance is vouchered, in-kind or workfare assistance, which complicates billing and reimbursement documentation (and may not be reimbursable at all); and
- the state currently has no existing reimbursement system with most general relief agencies.

Under the proposed rules, the state will have to have separate administrative procedures to identify, monitor and reimburse costs for: refugees on AFDC and MA, refugees on MA only, refugees in the country 0-18 months receiving refugee cash and medical assistance, refugees here 0-18 months receiving medical assistance only, refugee unaccompanied minors in foster care, refugees here 19-36 months receiving general relief, refugees receiving SSI payments, as well as Cuban/Haitian Entrants in each of the above seven categories. All these administrative systems are needed to serve approximately 5,000 persons. This is not the way for the federal government to reduce the administrative burden upon states and localities!

The tragic irony is that, because of high administrative and medical costs, current per capita general relief costs are higher than average Refugee Assistance Program costs. We estimate that providing assistance to those recipients who would be terminated under the new regulations would cost the government more than $1,067,000 more in Wisconsin this fiscal year than if the current program continued. Unless emergency medical costs, vouchered and in-kind assistance and administrative costs are made reimbursable under revised rules, most of this will be local government costs. These regulations may not save any money. Less money would go to needy recipients, but more state and local money would go to administrative costs.

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If refugees and entrants in locations with little or no general relief move to localities with high benefits, there will be minimal federal savings and major disruptions due to secondary migration. Secondary migration is already one of the most serious impediments to effective resettlement since it breaks the tie with the private sponsor and increases public assistance, concentrates refugees in "high impact" areas where refugee services are inadequate to meet needs, slows the adjustment of individual families, and increases community tensions. More than half of all population growth in Wisconsin in the past two years has been through net secondary inmigration.

To the extent that any federal savings are realized, they will come largely at the expense of state and local governments.

Local general relief agencies would have to begin payments for which they have not budgeted. In the last year alone, general relief costs in our state doubled, causing major fiscal crises in many municipalities. These rules changes would cause an additional, unanticipated burden for these local governments. For example, Madison's General Relief caseload would increase by 25% upon implementation. Milwaukee's additional costs are estimated at $2 million annually. The hope of eventual reimbursement will not relieve the immediate budget problems confronting these agencies next month. Advance money must be provided to the municipalities.

The substantial administrative costs which would be incurred under this program are not reimburseable under the rules and would therefore have to be borne locally.

The costs of providing health screening and other public health services would have to be borne locally. In the past year, public health agencies in Wisconsin screened and immunized more than 1,200 refugees for communicable diseases. These costs are directly related to federal actions in admitting refugees with TB, hepatitis and parasites and with inadequate immunizations, but under the proposals, the full costs would have be be paid by local property taxes.

Emergency medical services currently account for a substantial portion of the local General Relief budget, yet the Office of Refugee Resettlement indicates that these costs would not be reimbursed under the proposed rules.

The costs of the care of unaccompanied minors are not reimbursable under the regulations and would fall entirely upon those states who stepped forward out of humane consideration for orphaned juveniles. The result will be costly to the states - and devastating to the unaccompanied minors of Cambodia, Viet-Nam and Haiti who will continue to wait forlornly in camps with no hope of beginning a new life.

Wisconsin has made a substantial effort to establish a service and social climate in which refugees are welcome and successful. We have built an effective service system which has kept dependency rates well below the national average. As a result our refugee population has grown substantially. Now, we are about to be penalized for our efforts to assist in this federal endeavor.

3) The third major falacy is that refugees won't work unless we "make them want to work" by cutting off their assistance. Its corollary is that sufficient jobs are available for illiterate, unskilled, non-English speaking refugees. These assumptions ignore the successes of the refugees - and the realities of our current economy.

The punitive approach of these rules ignores the successful history of this program: most refugees do become self-supporting within the current 36 months of assistance, when given the tools for self-sufficiency. Conversely, most do not become self-supporting in 18 months, because they lack the skills to compete in today's economy. The second 18 months is a critical "take off" period during which refugees typically put together the skills accrued and actually achieve independence.

Currently 66% of our assistance caseload has been in the country 19 - 36 months. Most have not achieved independence in the expected 18 months. However, the dependency rate during this 19 - 36 month period drops dramatically. In Wisconsin the dependency rate drops more than 43% from 19th to the 36th month.

Our neighboring state of Illinois has experienced a similar pattern: the people who have been in the country 19-24 months constitute 25% of their caseload, whereas those here 31-36 months are only 3% of their caseload. This pattern has been consistent over time. In addition, the Illinois job developers report that they have the highest placement success with those refugees who have been in the country 17 -24 months. The current framework of 36 months of assistance does accomplish the goal of self-sufficiency for most refugees.

The country is currently facing the highest unemployment rate since the Depression. As a result, all assistance rolls, from AFDC to umemployment compensation, have increased dramatically. Refugees, who do not know what an elevator or bus is, are in the same labor market as unemployed PhD's. Because they are so well motivated, they will make it. They are using every minute, and every ounce of their effort, to learn how to survive in this society. We have developed sophisticated employment and training programs, which teach them both job skills and job finding skills, and which insure that they seek and accept employment. These efforts are succeeding in placing people in jobs. But it is not realistic to expect that on March 1, 1982 60,000 refugees and entrants will magically find employment where none was before.

Refugees already have the motivation for independence if they are given the appropriate skills. Unfortunately, the reductions in social services funding have reduced training opportunities. The proposed elimination of the "$30 plus one third work incentive" will further hamper our efforts by making it fiscally ill-advised for the heads of large households to accept the entry-level jobs which will eventually lead to self-sufficiency. They cannot afford to sacrifice medical assistance benefits in order to take jobs without adequate wages or insurance protection for their families.

In addition, during the 19th-36th month, the system of mandatory work registration an he employment and training services which have been developed for the refugee cash assistance program would be lost. The General Assistance units do not usually have a means of providing the specialized, bilingual employment services which have been developed within the refugee cash assistance program. Thus the refugees are even more likely to become long term dependents in our communities.

Alternatives

We would support efforts to equitably reduce costs in the Refugee and Entrant programs through means which do not unduly penalize refugees nor shift costs to state and local governments. In the past, we have suggested a number of options which we would support to accomplish this. We have never seen any of these options receive serious consideration from the Office of Refugee Resettlement. These include:

1) allow refugees to disregard the time spent in flight and/or in refugee camps in determining the work quarters needed to establish eligibility for the AFDC-Unemployed Parent Program. This would remove the inequity in the current system which bars refugee, two-parent families with small children from qualifying for ongoing programs designed to meet their needs.

   Just as we disregard the time of incapacitation of a temporarily disabled head of household, we would disregard the period during which a refugee, through no fault of his or her own, is unable to establish a history of work. By transferring recipients from the Refugee Assistance Program to the AFDC-Unemployed Parent Program, this would provide greater equity and reduce Refugee Assistance costs.

2) define the filing unit according to the Food Stamp definition of household, as proposed by California. Refugees typically live together in large, extended family units which may include several nuclear families. Since AFDC regulations define the filing unit according to the smaller nuclear family, one household may receive several grants. Changing the filing unit to include all dependent members of the household, as is done in the Food Stamp program would reduce costs and insure greater equity by eliminating double grants now going to a single household unit.

Other states have suggested other measures which would reduce costs in their states. No single option is likely to receive the endorsement of all the states, because of the differences in our systems. However, if you give us the flexibility, we can and will reduce costs without jeopardizing clients and the communities in which they reside.

WISCONSIN SOCIAL SERVICES BOARD MEMBERS'
AND DIRECTORS' ASSOCIATION

122 West Washington Ave., Suite 200
Madison, WI 53703 - Phone - 608-266-6480

-Board Members
Peterson
County
Glendale Ave.
, WI 54650
372-2352

President-Directors
Donald Noltner, Dir.
Dodge County DSS
P. O. Box 204
Juneau, WI 53039
(414) 386-2777

January 14, 1982

RECEIVED
JAN 15 1982
Office of the Secretary
DHSS

Secretary Donald Percy
Dept. of Health and Social Services
1 W. Wilson Street
P. O. Box 7851
Madison, WI. 53507

Dear Don:

At our January Executive Board Meeting the matter of the refugee assistance program was again discussed. We reviewed your December 18, 1981, letter to Secretary Schweiker and were pleased to see the position that you took, particularly as it relates to shifting the resettlement cost to GA.

The Association continues to be concerned about the proposed changes and wants to go on record in the following areas should the Federal changes be implemented.

We feel the state should develop the administrative mechanism to obtain the federal funds the proposed change allows for.

Since local budgets are already established for the year, we feel the funds should be available on an advance basis rather than a reimbursement basis so that there is up front monies for the counties to operate on.

We feel that the funds made available in the above manner should cover client benefits and administrative cost.

Finally we feel that there should be sixty days lead time so that the transmission can be made in a sound administrative manner.

Please be assured we stand ready to work cooperatively with your department in formulating policy in this area if the Federal change is implemented.

Sincerely,

Donald W. Noltner, President
Wisconsin Social Service Board Members'
and Directors' Association

DWN:sb

cc. Bernie Strumbras, D.E.A.
Terry Hottenroth, Wis. Co. Bds. Assn.
Norm Brickl, Director, Calumet Co.

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EAU CLAIRE AREA INDOCHINESE REFUGEE ADVISORY COMMITTEE
[illegible] VANG, REFUGEE COORDINATOR, 1223 Menomonie Str. EAU CLAIRE, WISCONSIN 54701
715-834-2046

January 14, 1982

Susan Levy
Wisconsin Resettlement Assistance Office
Division of Community Service
1 W. Wilson Street
P.O. Box 7851
Madison, Wisconsin 53707

Dear Ms. Levy:

We represent 700 Indochinese Refugees who live in the Eau Claire, Chippewa Falls area of Wisconsin. We want to provide a better life for our families. We have strong hopes for our future. We are studying English, working in unskilled jobs, working in skilled jobs, preparing for skilled training, and participating in skilled training. Our children attend local schools. Please remember us as you make decisions which reduce our opportunities for self sufficiency, employment, education and quality health care.

We are trying hard to reduce the welfare costs. We work very closely with the local job service to implement our employability plans. In the past several months our employment has increased despite a bad economic situation in our area.

We have taken jobs at 3M Company, Laskers Jewelry, Techtronics, Randalls Foods, Severson Nursing Home, Eau Claire Leader Telegram, Falls Bart Co., Gramac's Store, St. Patrick's School, UW Eau Claire, Northern Center, Eau Claire County Social Services. Dstrict One Technical Institute, Eau Claire County Health Department, Chippewa County Social Services, Wisconsin Job Service, Xou Grocery Store, Eau Claire Recycling Center, Project Employment, Kerms Food, Lutheran Social Services, Eau Claire Public Schools. We are ready and willing to work.

Recently sixteen of us enrolled in a food service helper program at District One Technical Institute. Over 100 of us study English at the Technical Institute in Eau Claire and Chippewa Falls. Another thirty of us are enrolled in a skilled training program there or at Indianhead Tech in New Richmond or Western Wisconsin Tech in LaCrosse to study accounting, machine operation, auto mechanics, welding, data preparation, refrigeration servicing, clerk typist, and media assistant. Several of us attend UW Eau Claire and Mount Senario College,Ladysmith. Nearly 300 of our children are enrolled in the Eau Claire and Chippewa Falls School System. We are ready and willing to improve ourselves.

We care about our families and are working hard to provide them with a good home and a healthy and safe environment. We are members of our churches and of our community as a whole.

Funding for our educational and employment programs has already been cut by at least 40% of what was provided last year.

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Remember us as you consider cutting back the special funding for refugees as proposed in the Federal Register (Social Security Administration 45 CFR Part 400). If the refugee assistant program is cut back from 36 to 18 months of eligibility 343 of our people will lose their benefits. Also even greater cuts in cash, medical assistance, educational programs and employment services will be made. This will have a very negative impact on our area.

We have a high motivation to improve ourselves and we are willing to work hard. Let us know your opinions on how we ought to provide for our families now and in the future.

Please respond to Yer Vang, Refugee Coordinator, Lutheran Social Services, 1223 Menomonie Street, Eau Claire, Wisconsin 54701. Phone 1-715-834-2046.

Sincerely,

Yer Vang
Indochinese Refugee Coordinator

YV:vw

Name	Address
Nao Chee Xiong [illegible]	E C
[illegible] X.	1922 First ST. E.C.
Koua Xiong	207 Wis st E C
[illegible] Vang	[illegible] Eau Claire
[illegible]	[illegible]
[illegible]	[illegible] Forest [illegible] E.C.
[illegible] Moua	530 Germania ST. E.C.
[illegible]	[illegible] E.C
[illegible]	313 Elm st E.C.
[illegible] Moua	3221 [illegible] AVE E C

Name	Address
Vang Chong Koua	2220 3rd St E-C.
[illegible]	[illegible] St E C
[illegible] Vang	[illegible] St E C
[illegible]	[illegible]
Chi X. Moua	2505 Henry Ave, E
[illegible]	[illegible] E.C 54701
[illegible]	[illegible]
Shong Xiong	1315 Woodland E C 54701
[illegible] Moua	[illegible]
[illegible] Vang	[illegible]
Vang Neng Xiong	109 Randall St E C

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[illegible] Her Eau Claire
Xia Toua Xiong Eauclaire
Chu Chang Yang EC
Youa Cha 811 Wisconsin St E C
[illegible] Vang EC
Chong Then EC
[illegible] Her Vang EC
[illegible] Xiong EC
[illegible] Vang
[illegible] Yang EC
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Kay [illegible] Vang Xiong. 707. E.C.
Vao Yang Moua eC
Sheng Xiong EC
XIONG Va EC
Thao Xiong Eau Clar

Cher Yang 303 1/2 E Madison St
Pa Chao Vang 736 Hobart ST E.C
Thao Pa Xiong 304 E Madison St
Chong Tong Xiong 1121 First Av
Tong Va Thao 2806 Con RA
[illegible]
Ka Y[illegible] 6[illegible] E.C
[illegible]
Su Xiong-517 Ma[illegible] ST EC WI
[illegible]
Lee Fai Xiong 73[illegible]
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[illegible] 6 Runway Av E.C
Teng Moua 1218 [illegible] Ave E.C
Xia Lee [illegible] 272[illegible] E
[illegible]
Sinh Lim
Le Nguyen
Sy P. Moua E.C

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Senator SIMPSON. Now Mr. Alan Gibbs.

STATEMENT OF ALAN J. GIBBS, SECRETARY, WASHINGTON STATE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

Mr. GIBBS. Thank you, Mr. Chairman.

I have a formal statement for the record which I would like to submit, and I am carrying with me today letters from the Governor of the State of Washington and the mayor of the city of Seattle, which I would like to submit for the record.

Senator SIMPSON. Without objection, it is so ordered.

Mr. GIBBS. Thank you, Mr. Chairman.

I will not read my full statement to you, I will merely make a few brief remarks.

Washington is a State with 31,000 refugees, about 16,000 of whom are on assistance. On March 1, if these regulations go into effect, we will immediately terminate 9,000 people from all cash and medical assistance programs. That is going to create an enormous hardship for people who are suffering already.

We have no general assistance program for single adults or childless couples, unless they are physically incapacitated or mentally incapacitated, and we have no unemployed parent program under AFDC.

It is not likely that many of these people are going to find employment immediately, or in the very near future, once they have been terminated. First of all, our State has an unemployment rate at the moment of 11 percent, and it is climbing. Second, among our caseload, as we look at the adult population and the job skills that these refugees have, 40 percent have no identifiable skill at all, 22 percent have previous skills in agriculture, and 20 percent have previous skills in the military. Third, they have low levels of education. Sixteen percent have no education at all. Another 34 percent have only between 1 and 6 years of education. A full 50 percent of that adult population has less than a sixth grade education. Finally, they face severe language barriers. So it is not likely that they are going to find employment.

It is not likely that community resources are going to be able to pick up the load for either cash or medical assistance. Our food bank programs, our community health clinics, our church groups are all strained already in helping other populations and in helping refugees right now.

It is very likely, in my judgment, that a significant portion of that population will simply move, and probably move to California right down Interstate Highway 5, where they may qualify for general assistance. Twenty percent of our caseload now is the result of secondary migration from other parts of the country. So there is evidence that it is a mobile population. In fact they can move, and there is talk in the refugee community in Washington of doing just that.

Finally, it is likely that families are going to break up in order that children and mothers will not go hungry, and in order to qualify for the regular AFDC program.

It is interesting to note that in the last year we have done a study of what happened to families who used to be on Washington's unemployed parent program when that program was terminated.

In the first 6 months following the termination of that program, 15 percent of the families experienced either separation or divorce, and 4 percent of the teenage children in those households left the household following termination. So termination of assistance is going to have enormous consequences, I think, for the refugee population.

I believe, as does the Governor, that the refugee assistance program has been and ought to remain a Federal responsibility. This is not something that the Federal Government should foresake.

In essence, the policy of the Department of Health and Human Services now is to say that the duration that a refugee will receive assistance for integrating into American society is going to depend on what State he lives in.

We think that this is the wrong policy. We think that the policy ought to remain a 36-month federally funded program.

Thank you.

Senator SIMPSON. Thank you very much, Mr. Gibbs.

[The prepared statement and additional material submitted by Mr. Gibbs follow:]

PREPARED STATEMENT OF ALAN J. GIBBS

My name is Alan J. Gibbs. I am Secretary of the Department of Social and Health Services, Washington state's primary human services agency responsible for providing services in the areas of mental health, developmental disabilities, juvenile rehabilitation, vocational rehabilitation, public health, aging and adult services, alcohol and drug abuse, children's services, income assistance, medical assistance and refugee assistance.

I appreciate the opportunity to offer testimony on a proposed rule by the Department of Health and Human Services that fundamentally changes the role of the federal government in providing cash and medical assistance to refugees. Mr. Chairman, the Secretary of Health and Human Services, without consulting the Congress or the states, without seeking legislative authorization, proposes by administrative rule to withdraw federal assistance to refugees.

Until now, it has been federal policy to provide income and medical assistance to refugees for up to 36 months. Now, the Department of Health and Human Services proposes to limit cash and medical assistance under the Refugee Resettlement Program to 18 months. Assistance will be available for the next 18 months only as a reimbursement to state and local governments for their costs of providing General Assistance to refugees.

Washington does not have a General Assistance program for employable persons. If this proposal is implemented, more than 16,000 refugees in Washington, about half of the state's refugee population, will be limited to 18 months of assistance. If this proposal is implemented on March 1, as seems to be the intent, more than 9,000 refugees will be terminated from all assistance immediately. By September, the number of refugees cut off from assistance will reach 11,500. In no other state will such a high percentage of refugees be so dramatically affected.

What will become of these refugees? What alternatives are available to them?

It is not likely that very many refugees will find jobs. Unemployment is more than 11 percent in Washington and expected to go higher. Refugees with significant language difficulties, low levels of education and no job skills will not become self-sufficient overnight.

It is not likely that community resources can meet the needs of refugees. Food banks, emergency housing programs, community health clinics and church groups are already strained to the limit.

In these circumstances, it is likely that some refugees will move to another state where General Assistance is available, most probably California. There is talk of this in the refugee community.

It is likely that some families will break up in order to ensure eligibility for Aid to Families with Dependent Children (AFDC) so mothers and children will not go hungry. A recent study by my department of the impact of similar terminations from public assistance found that 15 percent of all families experienced divorce within six months of termination.

It is likely that some families will withdraw their children from school in order to find work.

It is likely that even worse consequences will result from adoption of the department's proposed policy.

Mr. Chairman, the federal government should not foresake its responsibility to refugees it brought to the United States. The Refugee Resettlement Program should continue as it was originally established to provide cash and medical assistance to refugees for up to 36 months, regardless of their location. Entitlement to assistance should not depend on where refugees are settled as will happen if the Department of Health and Human Services' proposed rules are adopted.

The proposed rules should be held in suspension until either the Congress act to appropriate adequate funds to continue a uniform program or the Department of Health and Human Services works cooperatively with the states to design a program that will not have disastrous social consequences.

State of Washington

JOHN SPELLMAN, Governor

OFFICE OF THE GOVERNOR

February 4, 1982

The Honorable Alan K. Simpson, Chair
Senate Subcommittee on Immigration
and Refugee Policy
6205 Dirksen Building
Washington, D.C. 20510

Dear Senator Simpson:

I wish to express my deep concern regarding the Department of Health and Human Services' proposed policy change for Refugee Assistance.

I am a supporter of the "New Federalism." However, that concept involves sorting out appropriate responsibilities for states and the Federal government. In reviewing the history and development of the Refugee program, it is clear that Refugee Assistance has been and must remain a Federal responsibility. The State of Washington should not and cannot assume responsibility for providing assistance to refugees.

If appropriations are not adequate to continue the current Refugee Assistance program, the Department of Health and Human Services should adopt a flexible approach to redesign assistance programs so that sudden terminations with disastrous human consequences do not occur. We are prepared to work with the Department of Health and Human Services to ensure that does not happen.

Sincerely,

John Spellman

John Spellman
Governor

Legislative Building • Olympia, Washington 98504 • (206) 753-6780 • (Scan) 234-6780

Office Of The Mayor
City of Seattle

Charles Royer, Mayor

February 5, 1982

Alan K. Simpson, Chair
Subcommittee on Immigration
and Refugee Policy
Senate Judiciary Committee
A-509 Immigration Building
Washington, D.C. 20510

Dear Mr. Chairman:

I am pleased that your Subcommittee is taking time today to hear personally from our State, and others, of the problems proposed changes in refugee policies present to us.

Secretary Alan Gibbs has testified to you on the impact of cutting refugee cash and medical assistance from 36 to 18 months. He has proposed some creative alternatives, which would reduce the disproportionate burden our State would bear in dealing with federal budget restrictions, and at the same time, address the very real needs of the refugees and their families. I support his recommendations and hope that your committee will give them serious consideration.

Let me address briefly the refugee population and the City of Seattle.

The greater Seattle area is the home for approximately two-thirds of our state's refugees. We are pleased and proud to have these new members of our community. At the same time, our City's resources are terribly strained in attempting to meet their needs and to help them become self-sufficient.

In our direct experience with the refugees, we have found them to be industrious, eager to learn, and anxious to find work. However, with our state unemployment rate already at 11 percent and still rising, and reduced funding for employment and training, employment opportunities are limited, especially for refugees with poor English and work skills.

An equal employment opportunity - affirmative action employer
1200 Municipal Building, Seattle, Washington 98104 (206) 625-4000

The proposed cutback from 36 to 18 months of federal cash and medical assistance would leave approximately 6,000 refugees in the greater Seattle area with no means of support on March 1, 1982. Major social service funding cuts already adopted for the first two quarters of FY 82 make the situation all the more desperate. Services designed to help refugees become self-sufficient, including English as Second Language courses, employment training, referral services, and mental health counseling have been severely curtailed.

These reductions come at a time when other budget cuts have already shifted numerous burdens to the private sector.

We are concerned about the community's ability to provide refugees with such essentials as food, shelter, health care and employment services. We are concerned about the community's continued ability to express a warm welcome, as the competition for shrinking resources increases.

The Refugee Act of 1980 established for our refugees and their new American communities the expectation of 36 months of cash and medical assistance from the Federal government. The proposed reduction leaves both refugees and community leaders without adequate time to plan and develop reasonable solutions.

Considering the circumstances which brought the Indochinese refugees to America, I believe that the health and welfare of these refugees must be a matter of continued federal concern and responsibility. It is vitally important that the United States government honor its commitment to these long suffering people and the communities which welcomed them.

Thank you for your consideration of this important matter.

Sincerely,

Charles Royer

Charles Royer

cc: Congressional Delegation

Senator SIMPSON. Now, Mr. Librado Perez.

STATEMENT OF LIBRADO PEREZ, DIRECTOR, SOCIAL SERVICES AGENCY, COUNTY OF ALAMEDA, CALIF.

Mr. PEREZ. Thank you, Mr. Chairman.

What I would like to do is merely summarize two or three important points in addition to the written comments which we have already submitted.

Of great concern to us in Alameda County, Calif., is the proposed implementation of these regulations on March 1. That is utterly impossible to carry out by virtue of the fact that there are specific legal requirements and civil rights that must be carried out to advise our clients.

The notice of action, for example, this cannot be done, given the size of the caseload that we have in Alameda County and other counties in California.

In addition, there is current litigation in the State that came about as a result of the implementation of the recent welfare reforms which, in essence, have served to slow down any implementations that bring about massive changes.

I would, therefore, recommend that a more appropriate time would be at least April 1. To do otherwise, we will have a mandate that we will not be able to live or abide by.

The second point I would like to address is the administration's intent to save money by reducing the benefit by utilizing general assistance levels of assistance.

In listening to my peers from the States of Oregon and Washington, it appears that they may have, from a fiscal perspective, less than we will further south. In any event, one of the things that must be borne, and is not clarified by the administration, is whether they, in fact, will underwrite the administrative costs of making these changes and impacting in implementing the general assistance portion of the RCA.

For example, dealing with equity, G&A in Alameda County has a major workfare component, that is an expensive component, and if we do not have the Federal support to carry out these changes, in essence, what we are going to have is an automatic eligibility for general assistance by refugees without having to go through the workfare requirements.

What this will do is automatically add several thousand people to our general assistance workload. In other words, add approximately 50 percent to our existing general assistance caseload.

Those are my summary comments, Mr. Chairman.

[The printed matter of Mr. Perez follows:]

PREPARED STATEMENT OF LIBRADO PEREZ

MR. CHAIRMAN, HONORED MEMBERS OF THE SUBCOMMITTEE, I AM LIBRADO PEREZ, DIRECTOR OF THE ALAMEDA COUNTY SOCIAL SERVICES AGENCY. I AM ALSO A MEMBER OF THE NATIONAL ASSOCIATION OF COUNTIES (NACo) TASK FORCE ON REFUGEES, ALIENS AND MIGRANTS, AND I SERVE ON THE STATE OF CALIFORNIA'S REFUGEE ADVISORY COUNCIL. I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE YOU ON THE DEPARTMENT OF HEALTH AND HUMAN SERVICES' PROPOSED REGULATIONS ON REFUGEE AND ENTRANT CASH AND MEDICAL ASSISTANCE. I AM SUBMITTING FOR THE RECORD NACo'S COMMENTS--WHICH I ENDORSE--ON THE PROPOSED REGULATIONS.

MY COUNTY AND OTHER COUNTIES ARE SUPPORTIVE OF THE OBJECTIVES THAT THE PROPOSED REGULATIONS ARE INTENDED TO ACHIEVE:

- FEDERAL FINANCIAL RESPONSIBILITY FOR REFUGEE CASH AND MEDICAL ASSISTANCE COSTS FOR A 36-MONTH PERIOD.
- THE REDUCTION OF UNNECESSARY WELFARE DEPENDENCY AMONG REFUGEES, AND
- GREATER EQUITY IN THE TREATMENT OF REFUGEES AND NON-REFUGEES.

HOWEVER, IT IS MY CONCERN THAT THE PROPOSED REGULATIONS, IN FACT, FAIL TO MEET THESE OBJECTIVES. MY SPECIFIC CONCERNS ARE AS FOLLOWS:

1. THE PROPOSED CHANGES WILL RESULT IN A SUBSTANTIAL SHIFT IN REFUGEE HEALTH CARE COSTS FROM THE FEDERAL GOVERNMENT TO COUNTY AND OTHER LOCAL PUBLIC HEALTH CARE FACILITIES. ALTHOUGH CALIFORNIA HAS GENERAL MEDICAL ASSISTANCE, MOST STATES AND LOCALITIES DO NOT. INSTEAD, LOCAL PUBLIC HOSPITALS WILL HAVE TO BEAR THE RESPONSIBILITY FOR PROVIDING HEALTH CARE TO INDIGENT, NON-MEDICAID ELIGIBLE REFUGEES.

2. THE PROPOSED REGULATIONS ARE AN INEFFECTIVE WAY OF REDUCING "UNNECESSARY" WELFARE DEPENDENCY AMONG REFUGEES. THE PROPOSED 18-MONTH LIMITATION WOULD APPLY TO ALL REFUGEES, REGARDLESS OF WHETHER THEY HAVE A LEGITIMATE NEED FOR ASSISTANCE, OR EVEN IF THEY HAD NOT RECEIVED ANY AID DURING THEIR INITIAL 18 MONTHS IN THE U.S.

   I WOULD POINT OUT THAT, IN ALAMEDA COUNTY, THE NUMBER OF REFUGEE CASH ASSISTANCE RECIPIENTS HAS INCREASED OVER 600 PERCENT WITHIN THE PAST THREE YEARS, NOT BECAUSE OF "UNNECESSARY" DEPENDENCY, BUT BECAUSE OF OTHER FACTORS:

- RECENT REFUGEE ARRIVALS HAVE FEW EMPLOYABLE SKILLS AND POOR ENGLISH LANGUAGE ABILITY.
- VOLUNTARY AGENCIES LACK THE CAPACITY TO ASSIST REFUGEES IN READILY BECOMING SELF-SUFFICIENT.
- FEDERAL SUPPORT OF REFUGEE EMPLOYMENT-RELATED SERVICES IS INADEQUATE.
- THE LABOR MARKET IN ALAMEDA COUNTY IS POOR, WITH A SCARCITY OF LOW-SKILL JOBS FOR REFUGEES TO FILL.

3. THE PROPOSED CHANGES WILL NOT RESULT IN EQUITY IN THE TREATMENT OF REFUGEES AND NON-REFUGEES. EQUITY DOES NOT NECESSARILY MEAN EQUAL TREATMENT OF REFUGEES AND NON-REFUGEES, TO THE EXTENT THAT REFUGEES HAVE SPECIAL NEEDS AND PROBLEMS DURING THEIR INITIAL PERIOD OF RESETTLEMENT. THE CURRENT REFUGEE WELFARE DEPENDENCY RATE OF 67 PERCENT, WHICH FAR EXCEEDS THE NATIONAL AVERAGE OF 5 PERCENT FOR THE GENERAL POPULATION, IS PROOF OF THE NEED FOR SOME DIFFERENTIAL TREATMENT.

4. CUBAN/HAITIAN ENTRANTS IN CALIFORNIA WILL BE ESPECIALLY ADVERSELY AFFECTED BY THE PROPOSED REGULATIONS. BECAUSE THEIR LEGAL STATUS IS NOT PERMANENT, THEY ARE NOT ELIGIBLE TO RECEIVE GENERAL ASSISTANCE IN THE STATE.

5. THE PROPOSED FEDERAL REIMBURSEMENT OF LOCAL GENERAL ASSISTANCE (GA) COSTS THROUGH STATES WILL CREATE SERIOUS ADMINISTRATIVE PROBLEMS IN STATES, SUCH AS CALIFORNIA, IN WHICH GA IS WHOLLY COUNTY-ADMINISTERED AND FINANCED. CALIFORNIA'S 58 COUNTIES ARE MANDATED BY STATE LAW TO RUN GENERAL ASSISTANCE PROGRAMS WHICH ARE ENTIRELY COUNTY-ADMINISTERED AND FUNDED. THERE IS NO UNIFORMITY AMONG GA PROGRAMS WITHIN THE STATE, SO THAT ONE COUNTY, SUCH AS SAN DIEGO, CAN HAVE A GA PAYMENT LEVEL WHICH IS ONLY HALF THE AMOUNT PROVIDED BY A NEIGHBORING COUNTY--IN THIS CASE ORANGE COUNTY.

   IN CALIFORNIA, WHERE THE STATE HAS NO ROLE IN PROVIDING GENERAL ASSISTANCE, NEW ADMINISTRATIVE LINKAGES BETWEEN THE STATE AND COUNTIES WILL HAVE TO BE IMPLEMENTED IN ORDER FOR COUNTIES TO RECEIVE FEDERAL REIMBURSEMENT. IT WILL BE EXTREMELY DIFFICULT FOR THE STATE TO VERIFY THE VALIDITY OF COUNTY CLAIMS FOR REIMBURSEMENT, GIVEN THE LACK OF UNIFORMITY AMONG THE 58 COUNTY GA PROGRAMS.

6. CALIFORNIA COUNTIES HAVE CONCERNS ABOUT THE POTENTIAL FOR SERIOUS CASH FLOW PROBLEMS IF FEDERAL REIMBURSEMENT OF GA COSTS IS SLOW IN COMING. UNLIKE THE FEDERAL GOVERNMENT, COUNTIES CANNOT OPERATE IN THE RED. MORE THAN 95 PERCENT OF CALIFORNIA'S REFUGEE RECIPIENTS ARE CONCENTRATED IN 8 COUNTIES, AND IN 5

COUNTIES REFUGEES ACCOUNT FOR OVER 10 PERCENT OF THE TOTAL RECIPIENT POPULATION. THEREFORE, A DELAY IN FEDERAL REIMBURSEMENT OF REFUGEE GA COSTS CAN HAVE AN ENORMOUS IMPACT ON SOME COUNTIES' BUDGETS.

7. THE PROPOSED REGULATIONS ARE NOT CLEAR ON WHAT KINDS OF GENERAL ASSISTANCE COSTS WILL BE REIMBURSED BY HHS. FOR INSTANCE, ALAMEDA COUNTY HAS A WORKFARE COMPONENT IN ITS GENERAL ASSISTANCE PROGRAM. AN EXPANSION OF THIS COMPONENT TO COVER NEW REFUGEE GA RECIPIENTS WILL BE COSTLY. UNLESS ALL GA ADMINISTRATIVE COSTS, INCLUDING WORKFARE-RELATED COSTS, ARE REIMBURSED, THE PROPOSED REGULATIONS WILL HAVE AN ADVERSE FISCAL IMPACT ON COUNTIES AND STATES. ALSO, IN SOME LOCALITIES, GENERAL ASSISTANCE IS PROVIDED IN THE FORM OF IN-KIND ASSISTANCE OR VOUCHERS. THE PROPOSED REGULATIONS DO NOT CLEARLY SPECIFY WHETHER SUCH FORMS OF GA WILL BE FEDERALLY REIMBURSED.

IN SUM, THERE ARE SERIOUS WEAKNESSES IN THE PROPOSED REGULATIONS. I BELIEVE THAT THERE ARE FAR BETTER ALTERNATIVES FOR ACHIEVING THE THREE OBJECTIVES THAT THESE REGULATIONS ARE INTENDED TO MEET.

BEFORE DISCUSSING SOME OF THESE ALTERNATIVES, I WANT TO URGE STRONGLY THAT THE CURRENT POLICY OF PROVIDING UP TO 36 MONTHS OF FEDERALLY FUNDED MEDICAL ASSISTANCE TO INDIGENT REFUGEES AND ENTRANTS WHO ARE CATEGORICALLY INELIGIBLE FOR MEDICAID BE CONTINUED. THE PROPOSED 18-MONTH LIMITATION WOULD RESULT IN A SHIFT IN COSTS TO LOCAL HEALTH CARE FACILITIES, WHICH ARE MANDATED TO PROVIDE CARE TO ALL RESIDENTS, REGARDLESS OF EITHER THEIR ABILITY TO PAY OR THEIR ELIGIBILITY FOR MEDICAID.

IN TERMS OF REFUGEE AND ENTRANT CASH ASSISTANCE POLICIES, I BELIEVE THAT AT LEAST SOME CASH ASSISTANCE SHOULD BE AVAILABLE NATIONWIDE FOR NEEDY REFUGEES AND ENTRANTS WHO ARE CATEGORICALLY INELIGIBLE FOR AFDC, DURING THEIR FIRST 36 MONTHS IN THE U.S. BECAUSE OF THE UNAVAILABILITY OF GENERAL ASSISTANCE IN MOST PARTS OF THE COUNTRY, THE PROPOSED REGULATIONS WOULD MEAN THAT NO CASH ASSISTANCE WOULD BE AVAILABLE FOR MANY NEEDY REFUGEES AND ENTRANTS--UNLESS THEY WERE TO MOVE INTO AREAS WITH GA.

ONE ALTERNATIVE WHICH MIGHT BE RECONSIDERED IS THE ADMINISTRATION'S ORIGINAL PROPOSED POLICY CHANGES, ON WHICH THE FY 1982 BUDGET REQUEST WAS BASED. BENEFITS WERE TO BE PROVIDED TO NON-AFDC ELIGIBLE REFUGEES, AS FOLLOWS:

O IN STATES WITH ONGOING GA PROGRAMS, NON-AFDC REFUGEES WOULD BE ELIGIBLE TO RECEIVE GA-LEVEL PAYMENTS DURING THEIR FIRST 36 MONTHS IN THE U.S., RATHER THAN AFDC-LEVEL PAYMENTS, AS UNDER CURRENT POLICY.

- O IN STATES WITHOUT GA PROGRAMS, NON-AFDC REFUGEES WOULD BE ELIGIBLE TO RECEIVE PAYMENTS EQUAL TO THE AFDC LEVEL DURING THEIR FIRST 18 MONTHS IN THE U.S., AND 50 PERCENT OF THE AFDC PAYMENT LEVEL DURING THEIR SECOND 18 MONTHS.

THESE CHANGES WOULD ASSURE THE AVAILABILITY OF CASH ASSISTANCE TO NEEDY REFUGEES FOR THE ENTIRE 36-MONTH PERIOD, REGARDLESS OF WHETHER GA IS AVAILABLE WHERE THEY RESIDE. MOREOVER, IN JURISDICTIONS WITH GENERAL ASSISTANCE, GREATER EQUITY BETWEEN REFUGEES AND NON-REFUGEES WOULD BE ACHIEVED BY MAKING THE BENEFIT LEVELS EQUAL.

AS I INDICATED EARLIER, THE PROPOSED 18-MONTH LIMITATION ON AID PROVIDED TO CATEGORICALLY INELIGIBLE REFUGEES IS AN INEFFECTIVE WAY OF REDUCING UNNECESSARY REFUGEE WELFARE DEPENDENCY, FOR TWO REASONS:

- O IT APPLIES TO ALL REFUGEES AND ENTRANTS WHO HAVE BEEN IN THE U.S. FOR MORE THAN 18 MONTHS, INCLUDING THOSE WITH A LEGITIMATE NEED FOR ASSISTANCE.
- O IT DOES NOT ADDRESS THE POTENTIAL PROBLEM OF UNNECESSARY WELFARE DEPENDENCY AMONG REFUGEES WHO HAVE BEEN IN THE U.S. FOR LESS THAN 18 MONTHS.

ALTERNATIVE POLICY CHANGES WHICH WOULD MORE EFFECTIVELY DEAL WITH REFUGEES AND ENTRANTS WHO SHOULD NOT BE RECEIVING AID INCLUDE:

- O STRONGER WORK-RELATED REQUIREMENTS, SUCH AS MANDATORY JOB-SEARCH REQUIREMENTS, MIGHT BE APPLIED TO NON-AFDC ELIGIBLE REFUGEES AND ENTRANTS.
- O STATE AND LOCAL WELFARE AGENCIES MIGHT BE PROVIDED THE FLEXIBILITY TO ESTABLISH WORKFARE OR INCOME SUPPLEMENTATION PROGRAMS FOR NON-AFDC ELIGIBLE REFUGEES. SOME FEDERAL FUNDING WOULD BE NEEDED TO OFFSET THE ADDED ADMINISTRATIVE COSTS OF RUNNING SUCH PROGRAMS.
- O UNDER CURRENT POLICY, ADULT REFUGEES WHO ARE FULL-TIME COLLEGE STUDENTS CAN RECEIVE CASH ASSISTANCE. I WOULD FAVOR MAKING FULL-TIME COLLEGE STUDENTS WHO ARE NOT WORKING INELIGIBLE TO RECEIVE REFUGEE CASH ASSISTANCE.

NOT ALL CURRENT CASH ASSISTANCE POLICIES ARE BIASED IN FAVOR OF REFUGEES. THE AFDC-UNEMPLOYED PARENT (UP) PROGRAM REQUIRES AN UNEMPLOYED PARENT TO BE ATTACHED TO THE LABOR FORCE DURING 6 OUT OF THE 13 PREVIOUS CALENDAR QUARTERS. UNLESS TIME SPENT OVERSEAS WERE TO BE COUNTED, REFUGEES WHO HAVE BEEN IN THE U.S. FOR LESS THAN 6 QUARTERS--OR 18 MONTHS--CANNOT POSSIBLY QUALIFY FOR AFDC-UP, EVEN

IF THEY HAVE WORKED DURING THEIR ENTIRE TIME IN THE U.S. IN A NUMBER OF AFDC-UP STATES, SUCH AS COLORADO AND MINNESOTA, A MAJORITY OF NON-AFDC ELIGIBLE REFUGEES ON CASH ASSISTANCE ARE TWO-PARENT FAMILIES WITH DEPENDENT CHILDREN WHO DO NOT QUALIFY FOR AFDC-UP BECAUSE OF THIS REQUIREMENT.

I RECOMMEND THAT THIS AFDC-UP LABOR FORCE ATTACHMENT REQUIREMENT BE MODIFIED IN ITS APPLICATION TO REFUGEES AND ENTRANTS, IN RECOGNITION OF THEIR SHORT STAY IN THE U.S. ONE POSSIBILITY WOULD BE TO APPLY A REQUIREMENT PROPORTIONAL TO A REFUGEE'S LENGTH OF TIME IN THIS COUNTRY.

IN CLOSING, I WOULD LIKE TO SAY THAT COUNTY OFFICIALS SHARE THE ADMINISTRATION'S CONCERN ABOUT BOTH THE HIGH RATE OF WELFARE DEPENDENCY AMONG REFUGEES, AND THE NEED TO CONTROL REFUGEE ASSISTANCE COSTS. HOWEVER, THE PROPOSED REGULATIONS ARE NOT THE ANSWER. WE WOULD WELCOME THE OPPORTUNITY TO WORK TOGETHER WITH THE FEDERAL GOVERNMENT IN DEVELOPING AND IMPLEMENTING IMPROVED POLICIES.

THANK YOU FOR THE OPPORTUNITY TO SPEAK BEFORE YOU. I AM PREPARED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

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NACo

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COMMENTS ON PROPOSED RULES FOR THE

"REFUGEE RESETTLEMENT PROGRAM AND CUBAN AND HAITIAN ENTRANT PROGRAM;

CASH AND MEDICAL ASSISTANCE POLICIES"

(45 CFR, Parts 400 and 401)

The National Association of Counties (NACo) has serious reservations about the proposed rules governing cash and medical assistance for refugees and Cuban/Haitian entrants, which were published in the Federal Register on December 11, 1981. In particular, we are concerned about the proposed policy changes which would severely limit federally funded cash and medical assistance available to refugees and Cuban/Haitian entrants who have been in the U.S. for more than 18 months, and who are categorically ineligible for AFDC, SSI and Medicaid. The proposed policies are likely to result in a shift in costs from the federal government onto already strained county budgets. In addition, the subsistence and medical needs of many refugees and Cuban/Haitian entrants, who have not been able to become self-supporting, will go unmet because of the reduced duration of federal assistance. We are also concerned about potential administrative problems and burdens for county and state governments, which will have to implement the policy changes.

NACo is supportive of the major objectives that the proposed changes are intended to achieve. These objectives include: (1) to reduce unnecessary welfare dependency of refugees which may result from current refugee cash and medical assistance policies, (2) to achieve greater equity in the treatment of refugees and non-refugees, and (3) to avoid shifting refugee cash and medical assistance costs onto states and counties during a refugee's first 36 months in the U.S.

However, NACo is opposed to the proposed policy changes because we believe that they, in fact, will not achieve these objectives. For example, the proposed 18-month limitation on federally funded cash and medical assistance for refugees and Cuban/Haitian entrants who are categorically ineligible for AFDC, SSI and Medicaid would result in a shift in costs to localities and states.

Included later in these comments are a number of alternatives to the proposed policy changes which we believe may more effectively achieve the above three objectives. NACo urges that the Department of Health and Human Services give these alternatives careful consideration, and delay issuance of final regulations governing refugee cash and medical assistance until after a thorough assessment of the potential impacts of various policy alternatives can be completed. We also recommend that HHS provide state and local officials with the opportunity to work together with the Department in the development of the final regulations.

Our specific comments on the proposed rules follow.

1. Eighteen months may not be sufficient time in which to expect refugees and Cuban/Haitian entrants to become economically self-sufficient.

The proposed policy changes would limit to 18 months federally funded refugee cash assistance (RCA) and refugee medical assistance (RMA) provided to refugees and Cuban/Haitian entrants who are categorically ineligible for AFDC, SSI and Medicaid. After refugees and entrants have been in the U.S. for more than 18 months, they must rely on state and/or local general assistance, if available in the areas in which they reside.

Current data indicates that 67 percent of all refugees in the U.S. for less than 36 months are on cash assistance. We believe that several factors contribute to this extremely high welfare dependency rate, including their inability to speak English and lack of employable skills, as well as an inadequate supply of job opportunities in the communities in which they reside. To the extent that most refugees and entrants are unable to become self-supporting within 18 months after their entry into the U.S., the proposed policy changes will result in extreme hardships for many of them, who lack other means of financial support.

NACo believes that the treatment of refugees in terms of cash and medical assistance should be equitable with that provided to non-refugees. However, equity does not necessarily mean equal treatment of refugees and non-refugees. The special needs and problems encountered by refugees during their initial period of resettlement in the U.S. may require assistance policies for them which differ from those applied to non-refugees.

2. The proposed 18-month limitation would virtually eliminate federally funded cash and medical assistance provided to Cuban/Haitian entrants.

By the end of FY 1982, all of the approximately 150,000 Cuban/Haitian entrants in the U.S. will have been in this country for more than 18 months. Furthermore, most Cuban/Haitian entrants who are currently receiving cash and medical assistance are categorically ineligible for AFDC, SSI and Medicaid. As of September 30, 1981, only 17.5 percent of the 36,561 entrants on cash assistance in Dade County, Florida were eligible for AFDC.

Therefore, the vast majority of entrants who are receiving federally funded cash and medical assistance will be affected by the proposed 18-month limitation on assistance provided to entrants who are categorically ineligible for AFDC, SSI and Medicaid.

3. The proposed 18-month limitation would affect a sizable proportion of Indochinese refugees.

As of February 1, 1982--the proposed implementation date for the regulations--less than one-third of the nation's 575,000 Indochinese refugees will have been in the U.S. for less than 18 months. By the end of FY 1982, only 172,000 of the projected 648,000 Indochinese refugees in the U.S. will have been in the U.S. for less than 18 months.

NACo estimates that, on February 1, 1982, approximately 68,000 Indochinese refugee cash assistance recipients who are categorically ineligible for AFDC will have been in the U.S. for more than 18 months and, consequently, would be affected by the proposed 18-month limitation. This estimate assumes that 60 percent of all Indochinese refugees who have been in the U.S. for 18 to 36 months are on cash assistance, and that 55 percent of all refugee cash assistance recipients are not eligible for AFDC. By the end of FY 1982, NACo believes an additional 29,000 Indochinese refugee recipients who are ineligible for AFDC will be directly affected by the 18-month limitation.

4. The proposed 18-month limitation on assistance provided to categorically ineligible refugees will exacerbate the adverse fiscal impacts on counties and states resulting from the 36-month limitation on full federal refugee funding.

By the time the proposed policy changes are implemented, the fiscal impact of the 36-month limitation on counties and states is expected to worsen dramatically. The welfare dependency rate of the second major wave of Indochinese refugees, who began entering the U.S. in mid-1979, is far higher than the dependency rate of previous Indochinese refugee arrivals.

Up until August 1979, the welfare dependency rate of Indochinese refugees remained at about 30 to 37 percent. However, refugees' dependency on welfare has risen substantially, so that the current welfare dependency rate is now estimated to be 67 percent for refugees in the U.S. for less than 36 months. Beginning in mid-1982, these less self-sufficient refugees will have been in the U.S. for 36 months and, therefore, will no longer be eligible for full federal refugee funding. As a result, the costs of assisting them will be shifted from the federal government to counties and states.

5. The proposed policy changes will result in a shift in health care costs from the federal government to county and other local public health care facilities.

Under current policy, the federal government provides 100 percent reimbursement to states for medical assistance provided to all refugees and entrants who have been in the U.S. for less than 36 months, even if they are not categorically eligible for Medicaid. The proposed rules would limit such medical assistance to non-Medicaid eligible refugees and entrants to an 18-month period, with the exception of federal reimbursement of state and/or local medical general assistance costs.

NACo objects to this proposed policy change because it will have the effect of shifting the financial burden for providing health care to indigent, non-Medicaid eligible refugees to local public health care facilities--most of which are county-operated. In the vast majority of states and localities, medical general assistance is not available. Instead, it is local public hospitals which have the responsibility for providing health care to indigent persons, regardless of their ability to pay for services. In brief, this proposed policy change conflicts with the intent of the Refugee Act of 1980--that the costs of assisting refugees be a federal responsibility for the first 36 months of their life in this country.

We would point out that the potential shift in costs to counties would be substantial. Health data indicates that refugees and Cuban/Haitian entrants have greater than average health problems, and a far higher incidence of tuberculosis and other communicable diseases. Furthermore, according to HHS estimates, 31 percent of all refugees who have been in the U.S. for less than 36 months would be receiving federally funded medical assistance during FY 1982 and 1983, assuming there is no change in current policy. [Note: 67 percent would be eligible for federally funded medical assistance.]

The proposed rules would practically eliminate federal financial responsibility for the costs of providing medical assistance to Cuban and Haitian entrants. As noted earlier, all of the 150,000 Cuban/Haitian entrants will have been in the U.S. for more than 18 months by the end of FY 1982, and the vast majority of entrants receiving aid are categorically ineligible for Medicaid.

In Florida and New Jersey, which together account for over 80 percent of all entrants in the U.S., no general medical assistance is available statewide. Instead, the burden of providing health care to entrants in these two states will fall primarily on a relatively few county-operated hospitals. It should be noted that Cuban/Haitian entrants are concentrated in the following seven counties: Dade, Broward, Palm Beach, and Hillsborough, Florida; and Hudson, Union, and Essex, New Jersey. These counties--which probably account for 75 to 80 percent of all entrants in the U.S.--will be significantly affected by the proposed policy changes.

6. There are many administrative problems and issues involved in federal reimbursement of state and local general assistance costs.

Under the proposed rules, local governments would not be able to seek reimbursement of general assistance costs directly from the federal government. In states such as California, Florida, New Jersey, and Wisconsin, in which general assistance is locally administered and financed, local governments must seek federal reimbursement through their state governments.

Administrative problems and issues involved in federal reimbursement of general assistance costs include the following:

- In states in which general assistance is locally administered, new administrative linkages will have to be established, in order for local governments to seek reimbursement of general assistance costs through their state governments. In Wisconsin, this means that the state government will have to deal with hundreds of different local jurisdictions which operate general assistance programs.

- It will be extremely difficult for state governments to monitor and verify the validity of claims for reimbursement of general assistance costs requested by counties and municipalities. One question which is not answered in the proposed regulations is whether states will be liable for mispayments or errors made by local governments in seeking federal reimbursement of general assistance costs. NACo believes that it is unfair to expect a state government to know whether numerous local governments are properly administering assistance to refugees and entrants--especially in instances in which no previous relationship exists between the state government and local general assistance programs.

- The proposed regulations do not specify the reporting requirements to be used by states and localities in seeking reimbursement of general assistance costs from the federal government. States and localities should be provided the opportunity to comment upon such requirements prior to their issuance in final regulations.

7. The proposed regulations are not clear on what kinds of general assistance costs will be reimbursable.

The proposed regulations do not specifically state that administrative costs of providing general assistance will be reimbursed by the federal government. If such costs are not reimbursed, then the proposed rules would result in significant increased administrative costs for states and counties--a shift in costs which NACo strongly opposes.

In many instances, county-operated general assistance programs have workfare components. Federal reimbursement should cover all administrative costs, including workfare-related expenses, in order to avoid imposing additional costs on counties and states.

8. The proposed regulations contain no assurances that county and municipal general assistance costs will be reimbursed by the federal government.

As noted earlier, local governments would not be able to apply directly to the federal government for reimbursement of general assistance costs. NACo is concerned that states in which general assistance is locally administered and funded may be reluctant to serve as a conduit for federal reimbursement of local general assistance costs, because of the many potential administrative problems involved.

Local governments with large numbers of refugees and entrants should be permitted to seek reimbursement of general assistance costs directly from the federal government. We would point out that approximately 85 percent of all Cuban/Haitian entrants reside in eight counties located in states in which general assistance is locally administered and funded. These eight counties are: Dade, Broward, Palm Beach, and Hillsborough, Florida; Union, Hudson, and Essex, New Jersey; and Los Angeles, California.

In addition, about 40 percent of all refugee cash assistance recipients in the U.S. live in 10 counties in which general assistance is locally administered. These counties are: Los Angeles, Orange, Santa Clara, San Diego, San Francisco, Sacramento, Alameda, and San Joaquin, California; Arlington, Virginia; and Hudson, New Jersey.

It would make sense to permit these heavily impacted localities to seek federal reimbursement directly. Very few state-administered general assistance programs would have more refugees and entrants receiving aid than the above-listed counties.

9. The proposed policy changes will take, at a minimum, several months for states and localities to implement.

The Notice of Proposed Rulemaking (NPRM) published in the December 11, 1981 Federal Register states that the proposed policy changes are to be implemented by February 1, 1982. States and counties will require at least several months to implement these changes. For one, it will take time for them to identify refugee and entrant recipients who will be affected by the proposed 18-month limitation. In many cases, such identification will have to be carried out manually, because the date of entry into the U.S. of refugee and entrant aid recipients is not always retrievable through an automated data information system. Secondly, states and counties will have to send written notices to refugee and entrant recipients whose assistance would be terminated because of the proposed policy changes. Thirdly, the administrative arrangements for reimbursement of general assistance costs will take time to implement in states in which localities administer these programs.

In sum, NACo believes it is unrealistic to expect that states and localities can implement the proposed changes by February 1, 1982.

As stated in our opening remarks, NACo believes that a number of alternatives to the proposed policy changes exist which might more effectively achieve the following three major objectives: (1) to reduce unnecessary welfare dependency of refugees which may result from current refugee cash and medical assistance policies, (2) to achieve greater equity in the treatment of refugees and non-refugees, and (3) to avoid shifting refugee cash and medical assistance costs onto states and counties during a refugee's first 36 months in the U.S.

The alternatives we believe merit consideration by the Department of Health and Human Services include the following:

1. Provide medical assistance for 36 months to all refugees and entrants who meet minimum income and resource requirements for Medicaid, even though they may be categorically ineligible for Medicaid.

This alternative would continue the current federal policy of providing 36 months of medical assistance to indigent refugees and Cuban/Haitian entrants who are categorically ineligible for Medicaid.

NACo believes that this alternative would be preferable to the proposed policy change limiting such assistance for 18 months, for the following reasons:

- Refugees and Cuban/Haitian entrants have greater health problems than the general population.
- An 18-month limitation on medical assistance provided to needy non-Medicaid eligible refugees and entrants would result in a shift in costs to county health care facilities which are mandated to provide care to all residents, regardless of their ability to pay for services. Therefore, the current policy of 36 months of medical assistance is more consistent with the objective of preventing a shift in assistance costs from the federal government to states and localities.

2. Revise current cash assistance policies to reduce work disincentives and welfare dependency which is not the result of the inability of refugees and entrants to secure employment.

NACo believes that refugee and entrant cash assistance policies should be designed in a way which will prevent refugees and entrants from unnecessarily remaining on public assistance. At the same time, it is our position that refugees and entrants who cannot secure employment and become self-supporting for legitimate reasons should be provided aid, in order to assure that their basic subsistence needs are met.

We are concerned that the proposed 18-month limitation would apply to all refugees and entrants who have been in the U.S. for more than 18 months, regardless of whether they need aid because of a legitimate inability to support themselves, or whether they had received any aid during their initial 18 months in the U.S. As indicated earlier, NACo believes that the welfare dependency rate of refugees has doubled in recent years because of factors other than the

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duration of federal refugee assistance. Reducing the period of federally funded aid merely shifts the responsibility for assisting needy refugees onto counties and states.

NACo suggests that a number of options should be considered which might more effectively address the issue of unnecessary dependency of refugees and entrants on cash assistance:

- Under current policy, student financial aid is not countable income for the purpose of determining the level of assistance provided to non-AFDC eligible refugees and entrants. As a result, adult refugees who are full-time college students have been able to receive cash assistance. Policy changes might be made which either would include student financial aid as countable income, or would make refugees and entrants who are full-time college students ineligible to receive cash assistance.

- Stronger work-related requirements might be applied to non-AFDC eligible refugees and entrants, to ensure that they do not remain on cash assistance for long periods without just cause. One such requirement might be to apply a labor force participation requirement--similar in concept to that used in the AFDC-Unemployed Parent program--to refugees and entrants who have been in the U.S. for more than one year. In addition, mandatory job search requirements might be applied to non-AFDC eligible refugees and entrants.

- The 18-month limitation might be modified so that it does not apply to all non-AFDC eligible refugees and entrants. For instance, two-parent families with dependent children in states without an AFDC-Unemployed Parent program might be exempted from the 18-month limitation. Also, households headed by persons age 45 or older might be made eligible for assistance for up to 36 months after entry into the U.S. Los Angeles County, California data reveals that over 77 percent of refugees on general assistance in the county are over 45 years of age (note: these refugee recipients have all been in the U.S. for at least 36 months). This data indicates that older refugees may have greater difficulties in becoming self-supporting. Another subcategory of refugees and entrants who might be exempted from an 18-month limitation would be former unaccompanied minors who have reached the age of majority since entering the U.S.

3. Permit refugees to apply the time spent in flight and/or in refugee camps toward the AFDC-Unemployed Parent (UP) program work quarter requirement. Similarly, Cuban/Haitian entrants should be permitted to apply time during which they were in federal custody towards the AFDC-UP program work quarter requirement.

The AFDC-UP program requires an unemployed parent to have "six or more quarters of work within any 13-calendar quarter period ending within one year prior to application for aid or within such period received or was qualified to receive unemployment compensation." This requirement is unfair to refugees and entrants who have been in the U.S. for less than 13-calendar quarters. In fact, unless time spent in camps is counted, refugees who have been in the U.S. for less than 6 quarters--or 18 months--cannot possibly qualify for AFDC-UP, even if they have worked during their entire time in the U.S.

This alternative would reduce this inequity, which currently results in the placing of many refugees on refugee cash assistance, even though they would otherwise be eligible for AFDC-UP. We would point out that non-AFDC-eligible refugees and entrants are not all single adults and childless couples, as is commonly believed; rather, they include two-parent families with dependent children, in states with or without AFDC-UP programs. Therefore, the proposed regulations will have a significant effect on assistance provided to children as well as to adults.

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Senator SIMPSON. Thank you very much.

Mr. Burns, you give us the figures that three out of four refugees are on public assistance. I would be interested to know briefly why that is, since we know that Oregon has some of the most particularly excellent social service programs of any State, and I mean that. That is my background, I knew many of your legislators, when I was in the Wyoming Legislature, and I know what they did to put those on the books.

So I would be interested in that and to what extent do you believe that this 36-month eligibility for the cash assistance does promote dependency, or does it, particularly from the view of a progressive social service program State like Oregon. I would like to have your thoughts.

Mr. BURNS. There are four major reasons why our dependency rate is so high. The first has to do with the characteristics of the refugee population. About 70 percent of the refugees who have come to Oregon over the last years are preliterate. They have no transferable job skills and no understanding of American culture and practices.

Second, one must look at the arrival rate of refugees to Oregon. Oversimplifying, let me say that if Oregon resettled its per capita share of refugees, our refugee population would now be about 6,000, that happens to be the number of refugees in Oregon who are not on welfare now. The number of refugees coming to Oregon is simply more than we can absorb and assist.

The third reason is the State's unemployment rate. There are 155,000 Oregonians out of work. As I mentioned earlier, for every refugee looking for work, there are 52 unemployed nonrefugee Oregonians, and that ratio does not count the increasing number of discouraged workers, who are unemployed and probably seeking work but don't show up in our statistics.

The fourth reason that I would point to, very frankly, is the sponsorship pattern. Less than a third of the refugees coming into Oregon are sponsored by American congregations or American families. They are sponsored by other refugees, most of whom are on public assistance. Naturally they turn to public assistance at the time of entrance.

Senator SIMPSON. That is very important. I have heard testimony to that effect in previous hearings, and it seems to me that the subcommittee is going to pay careful attention to these sponsorship patterns. I think that people have a different vision of sponsorship than what is very real out there.

I am very interested in your comments because, indeed, we find sponsorship by those who are on public assistance and having great difficulty themselves, so how can they be of assistance to any refugee, especially to someone who would grapple with the difficulties of preliteracy. It is very critical.

Mr. BURNS. In response to your question about the 36-month limit, let me say, that as a result of the four conditions that I listed, it is very difficult for Oregon to indicate whether 36 months is a reasonable national limit or not.

If we had a smaller number of refugees, we probably could deal with them in a shorter period of time. But at this point the 36-

month limit is reasonable for us. We do not hear of many hardships for those refugees who are cut off after 36 months.

Senator SIMPSON. As an alternative to the general assistance reimbursement, you favor an impact aid program for States with these high refugee concentrations. Would you also favor a reduction in the amount of Federal reimbursement for non-AFDC refugees to receive cash and medical assistance?

Mr. BURNS. Let me say that there would have to be a combination of facts to make impact aid provisions viable. These include allocation of adequate funds prior to implementation of a final policy and assuring flexibility in the use of those funds.

Senator SIMPSON. I understand that the Western States met earlier in the year and discussed proposed changes in the refugee resettlement program. Was there any consensus of action that should be taken at that time?

Mr. BURNS. There were consenses on the need for ongoing meaningful consultation on the part of the Office of Refugee Resettlement with the States. What we have seen over the last year has not been consultation, it has been information sharing from ORR on policy decisions they had already made.

For the last 8 months, the message that we have received is that the assistance policy decision had already been made. It was simply a matter of days or maybe of weeks before we received the policy in final form. What we would like is real consultation. We would like an opportunity to present our ideas, with the advantages and disadvantages, and the costs, and then to have the Office of Refugee Resettlement respond in kind.

Senator SIMPSON. Did you have that kind of rapport, say, 1½ years ago or 2 years ago?

Mr. BURNS. We have always complained about the consultation process.

Senator SIMPSON. I remember that, and I just wanted to touch on that lightly. But it has been just a continuing problem.

What is your solution to the sponsorship issue? I am curious, knowing that it is a State Department function, but I would be interested in how you think we might correct some of those abuses of sponsorship.

Mr. BURNS. There are a number of things that need to take place, and some of the comments and suggestions that we have offered are very similar to those prepared by an Office of Refugee Resettlement task force.

The one area that I would stress that was not mentioned in the ORR task force report is the need for reasonable voluntary agency caseload standards to be established. Those caseload standards could vary depending on whether the voluntary agency used congregations, American family sponsors or direct resettlement staff within the local office. Formalized service definitions should be established for voluntary agencies with staffing adequate to meet those responsibilities.

Beyond that, we basically support the other suggestions that were made by the Office of Refugee Resettlement task force. Refugees who are on public assistance and unemployed should not sponsor, family reunification should be very narrowly defined in impact areas, and States must have a legitimate role in setting arrival rates.

Senator SIMPSON. And followup should be apparent.

Mr. BURNS. There should be monitoring and accountability.

Senator SIMPSON. Indeed, we find shockingly enough that there is very little followup, would you agree?

Mr. BURNS. I would wholeheartedly concur with that.

Senator SIMPSON. How do you explain that? Is it a matter of keeping the Federal dollars coming in, the desire to just kind of get it done, then move on to another one. What is your thought on that?

Mr. BURNS. Very frankly, the voluntary agencies in Oregon have indicated that the volume of arrivals is more than they can handle given the staffing and the funds that they have available. If they can meet the needs of new arrivals for a month or two that basically fulfills their responsibilities.

Beyond that, if refugees have an emergency need or other problem, voluntary agencies are open to requests for assistance, but there is no active ongoing case management.

Senator SIMPSON. Perhaps that needs reassessment, that attitude, and we will pursue that at some later time.

Ms. Levy, if eligibility were changed for non-AFDC refugees to limit them to this 18-month Federal reimbursement, do you think that an impact aid program or targeted assistance program would be a feasible alternative for your State during the second 18-month period?

Ms. LEVY. I doubt that the impact aid formula is likely to be an alternative for us.

One of the problems with the impact aid approach is that it goes against some of the innovations that ORR is trying to make in terms of placement policy, moving refugees into low impact areas, such as Wisconsin essentially is. Since you would be funneling money into high impact States, and especially high impact areas with high GA—which tend to be California, an already impacted State—you would find that refugees would continue to impact on those places even more.

We would favor an approach that dealt with all of the States equitably. We are particularly concerned that an impact formula is likely, if available at all, to be available in the next fiscal year, when we are talking about, on March 1, dumping off assistance 3,000 people in our State, and 60,000 to 80,000 people nationwide.

Senator SIMPSON. I might ask, what is the situation in your State with regard to unaccompanied minors, how is that handled?

Ms. LEVY. We have a very extensive unaccompanied minors program. We have taken about 50 Indochinese unaccompanied minors, and all of the Cuban unaccompanied minors who did not have relatives. So the unaccompanied minors program constitutes about half of our Cuban/Haitian budget at this point.

Senator SIMPSON. Let me ask you this, because I recall testimony at some hearing in the past. Is there currently any type of tension, social tension in your State as a result of a perception among the citizens that refugees have received special entitlement programs? As we address this issue of equity, is that attitude there?

Ms. LEVY. There is some feeling, among the county governments in particular, that the duplication of grants—where one household unit would get several grants, because it is an extended family living together—that that inequity does cause some feeling, harsh feeling. That is why we would recommend that the filing unit be defined as the household unit. That is one of the reasons why we recommended that.

In terms of community tension, I think that community tensions arise more out of competition for scarce community resources, that this policy would in fact exacerbate. The competition for housing, competition for job training, and competition for jobs are where we see the community tensions.

Senator SIMPSON. I thank you.

Mr. Gibbs, you make the statement that changes in the eligibility requirements for AFDC have led to the breaking up of families in Washington, and you cite some statistics of a previous withdrawal of public assistance. Could you give me a little more information on that, how you obtained that information?

Mr. GIBBS. Yes; let me explain first that on March 1, 1981, the unemployed parent segment of the AFDC program was terminated in the State of Washington. We, in the Department, funded an independent research effort to do a random sample study of the population after 6 months to determine what happened to those people.

There were 7,700 cases that were terminated on March 1, 1981, involving some 26,000 people. It was in that context, then, that we sought data on how many people got jobs, how many people moved away, what happened to family composition. It was an independent research effort that we funded.

What we discovered was, as I indicated before, that in that 6-month period, 15 percent of the families experienced separation or divorce. About 10 percent of the families moved out of State. The population as a whole moved 1.7 times in that 6-month period, so that people had to adjust to their lower living standards in erratical ways, by moving back with other families.

In terms of employment, what we discovered was that on March 1, when that program was terminated, 31 percent of the cases had one working member already but generally at low pay, hence they were on public assistance. By August 1, 51 percent of those families had one member working, but half of those working families were being supported by one part-time job. Twenty-two percent of those families in that 5-month period found no job at all.

This is a population in the State of Washington that is basically white, better than 85 percent would be white, 15 percent or so minority, higher educated; and English speaking. So I say, on the basis of what has happened in that program, that the consequences among the refugee population, I think, will be even worse.

Senator SIMPSON. That is helpful.

You have stated, as you said, that this would have disastrous social consequences.

If we find that it is a policy of the Department of Health and Human Services to increase the equity in eligibility of benefits among refugees and citizens, and apparently that is their intent, what alternatives would you propose to us which might create greater equity, without risking the consequences that you express to us? Do you have any thoughts on that?

Mr. GIBBS. I would like to address the issue of equity.

First, I would say, as the Secretary of the Department of Social and Health Services, I get a lot of correspondence from people all over the State complaining about many things, and I get lots of letters complaining about welfare, and welfare cheats. I get very few letters complaining about refugees getting assistance.

I think the issue of community tensions and the issue of equity are overstated. I think they are being used as a justification to reduce the budget.

Senator SIMPSON. Let's just call it equity. I am sure there would be very few people who would object to supporting assistance to refugees. What I am speaking of is what we are finding, and have found in previous hearings, that the community objects to see the refugee population receive greater benefits than the citizen population. That is what I am addressing.

Mr. GIBBS. I am saying that, although we have refugees in the State of Washington, who are getting assistance, who, if they were American citizens at the present time, would not be, this is not as large an issue as some would make it out.

Senator SIMPSON. That is interesting.

Mr. Perez, if I may, it would seem to me that California, obviously, would stand to lose less, I suppose, if that is the word, if these regulations were implemented since your State is one which, unlike Oregon and Washington, has a widespread general assistance program. However, you would have this tremendous administrative burden of managing these various county programs.

Would there be any way in which California would favor this proposal?

Mr. PEREZ. It is my position that we generally agree with the concept, as stated in my comments to you, as well NACO's comments to your committee, with the thrust of better equity, with the thrust of getting supportive services whenever that will get the refugee to be self-supporting as early as possible. We have no problem with that.

In Alameda County, we have demonstrated quite successfully, working jointly with voluntary agencies, private providers, local school districts, junior colleges, to get people into the mainstream of employment. So that is not as big a problem as it may be in other areas. The problem is that now we are shortening the time in which we can do this. We feel that the 36 months is a more adequate time.

Now that the administration is, apparently, choosing the option of reducing the benefits to be able to live within its budgeted amount, that is going to make the job very difficult for us, and in quite a few instances impossible for us to do.

To answer your specific question, I would hope that the administration would sit down, and as I understand there are 10 counties in the Nation that have the preponderance of refugees, and be able to have some kind of a work session with the local people that are administering this. I am not just talking about local elected officials and bureaucrats, but the people that are providing the service, whether it is the private or public sector, and work out regional, joint agreements about how best to do that.

In Alameda County, we feel that we could make a real good stab at 18 months if we have the assurances that the Federal Government will pay all administrative costs.

Senator **Simpson**. You make the proposal, or you discuss making full-time college students ineligible to receive the refugee cash assistance. What do you think would be the implications of that policy?

Could you just elaborate very swiftly on that; I would be interested.

Mr. **Perez**. Yes; what we are addressing here is the area of equity between a person that would be an adult and it not tied categorically to AFDC, for example, and an adult person that does not have a family and is not tied categorically to AFDC cannot now, under Alameda regulations, go to college.

For purposes of equity, we feel that that we need, to the extent possible, extend that same limitation to a refugee, with some exceptions. I feel that English as a second language, or a specific time-limited training, not the usual automatic 36 months, that exceptions could be made. But that needs to be discussed and agreed to with the specifics of job opportunity in the community, training in the community, and the resources in the community.

Senator **Simpson**. One final question. You mentioned your support for continuing to make two-parent families with dependent children eligible for refugee assistance. As one not totally versed in the varying local commitment degrees of AFDC, and it certainly varies all over the United States, I would ask, why is the consideration that a two-parent family qualify, if the parents are employable?

Mr. **Perez**. I don't understand the question, Senator. Why do we support two-parent families with adult children?

Senator **Simpson**. Why a two-parent family would qualify, if those parents are employable.

Mr. **Perez**. I am sorry, I don't get the question.

Senator **Simpson**. That is what I am trying to develop. I am not totally versed on how you handle AFDC in your various counties in California.

If that is not the case, there is no need to go further with the question, but I understood that a two-parent family would qualify for benefits, even if the parents are employable.

Mr. **Perez**. Yes; we have the U program, where they are unemployed.

Senator **Simpson**. The U program?

Mr. **Perez**. Yes; we have an unemployed program in California, and if they are unemployed, they are employable, they qualify. The general assistance program, they are employable, they qualify, however, they must then participate in a workfare program.

Senator **Simpson**. I see, a workfare program. Does that function properly the workfare program in California.

Mr. **Perez**. In general assistance, we have found that it has worked well in Alameda County.

Senator SIMPSON. Let me ask just one other question, and I will not ask it of the gentleman from Oregon because he has already answered this.

How does each of you, just very swiftly, respond to the assertion that one reason the refugee dependency rates are as high as they are is because of this full reimbursement for the 36-month period which creates little incentive for States and counties to pursue other alternatives which might decrease those dependency rates. I would inquire your thoughts on that.

Ms. LEVY. I think that misreads both the motivation of the refugees and of the State and local units of government. I think that the refugees are, in fact, very well motivated, do want to get jobs, and do work themselves off of welfare. Certainly, we have every interest in helping them do so. We do not want to see high dependency rates.

Our counties and our States work very hard at getting people independent. Over half of our social services money goes directly to employment services which have a case management program where refugees must find work, do have time limited training, if training is provided; and our training is not college education.

Our caseload rules do not allow university students to be enrolled in the cash assistance program. In fact, our training is generally in such things as janitorial services, because we are dealing with Hmong refugees that we have to train in order to get a job as a janitor.

Senator SIMPSON. Do you have a quick response to that, Mr. Gibbs, because we do hear this asserted. You get letters, you say, about your duties, and we get letters on that one. I am just curious how you would respond to that.

Mr. GIBBS. I don't think that the availability of cash and medical assistance for 36 months is the main cause of dependency. I think the main cause of dependency are those factors that we have already listed.

The people in our department, in local government, and in voluntary organizations, I know for a fact, work diligently trying to get these people on a self-sustaining basis and off of dependency status. I think that there is, in my own judgment, not enough incentive at the moment for States to be more diligent in that regard, but I think that is a problem that can be cured by State administration and by some closer supervision from the Department of Health and Human Services.

Senator SIMPSON. Thank you.

Mr. Perez.

Mr. PEREZ. Yes; we feel that the reason that those allegations are made is simply because we, at the local level, are not administering a local program. We are administering a Federal and State program where we have no aptitude to work dealing with the specific situation as we do, for example, in the GA program.

I certainly believe that it is not possible for us and it is not legal for us to be able to, within a Federal statute and a State statute, to vary between individual clients or individual families, we have to, therefore, carry out the benefits on a broad base and not on an individual basis.

Senator **Simpson**. Thank you very much. I appreciate the testimony of all of you. It has been very helpful to the subcommittee and I appreciate it.

The final panel of the afternoon will be Mr. Le Xuan Khoa, Coordinator of the Council of Vietnamese Associations of Washington, D.C.; Wells Klein of the U.S. Committee for Refugees, American Council for Nationalities Service, New York, N.Y.; and Mr. John F. Herrity, chairman of the Fairfax County Board of Supervisors, Fairfax, Va.

Nice to have you with us again, Mr. Khoa and Mr. Klein. Nice to see you, Mr. Herrity.

If you would proceed in the same order as on the agenda.

STATEMENT OF LE XUAN KHOA, COORDINATOR, COUNCIL OF VIETNAMESE ASSOCIATIONS IN THE GREATER WASHINGTON METROPOLITAN AREA

Mr. **Khoa**. Mr. Chairman, I am Le Xuan Khoa, coordinator of the Council of Vietnamese Associations in the greater Washington Metropolitan area.

On behalf of the council, I would like to thank you for the opportunity to testify on an issue which may have strong effects on the effort toward sociocultural integration and economic self-sufficiency of the refugee population.

Being fully aware of the current difficult situation in the U.S. economy, we support the idea that appropriate regulatory changes be made in order to reduce unnecessary welfare dependency of refugees. However, attempt to balance the Federal budget must be made fairly and responsibly to avoid administrative havoc for the States and the counties and an abrupt drop in assistance eligibility of vulnerable persons.

We fear that the general assistance provision of the new policy will discourage many States which have supported the refugee program in the past from participating in the program in the future. Over time this could hurt the ability of the United States to accept the necessary numbers of refugees from life-threatening situations overseas.

Speaking from the refugee viewpoint, we do not feel it appropriate to discuss here the specific impact that proposed regulations will have upon State and local governments. Instead, we would like to focus our comments on those specific areas that directly affect various groups of refugees.

As proposed, the new regulations may not adequately provide for the most critical needs of refugees because many refugees do not have resources available to the general American public, such as unemployment compensation, insurance benefits, savings, credit, language, and employment skills, et cetera.

They may well reduce the possibility for refugees to become self-supporting. For example, removal of the $30 plus one-third work incentive will discourage refugee heads of households from accepting entry-level jobs that are usually the only available initial step toward self-sufficiency.

They may speed up the transfer of refugees from AFDC to general assistance programs and, therefore, may encourage secondary migration to other States and communities which have GA programs or better employment opportunities, and where there is community support.

In view of the gaps in regulations as proposed, we would like to offer the following five recommendations:

First, the reduced period of eligibility should be applied flexibly with special consideration to the following two categories of non-AFDC, eligible refugees: Individuals and couples 55 years of age and older; and unaccompanied minors who need to be insured of continuous Federal support. Both of these groups have unusual difficulty finding jobs due to language and lack of marketable skills/work experience.

Second, the March 1 implementation date leaves little time for refugees to make plans for their future. Regardless of the period of eligibility, we suggest a grace period of 3 months for cash assistance and 6 months of medical assistance while affected refugees find employment and, therefore, may become eligible for private health insurance programs.

Third, vocational training, English language acquisition, career counseling, and job development are essential to self-sufficiency. They must not only continue, but be intensified if refugees are to become self-supporting within a reduced period of time. The refugee community considers investment in human skills to be no less important than cash-assistance eligibility.

Fourth, the family unit concept used in the food stamp program could effectively reduce the number of "split cases," in which adult children apply for separate cash assistance while the rest of the family living in the same home receives AFDC.

Fifth, finally, equity need not imply identical treatment of refugees and nonrefugees. Rather, equal treatment should mean insuring an equal opportunity to refugees to pursue their rights to life, liberty, and happiness. Refugees are an at-risk population with unique needs to be met during their initial period in the United States.

They require a reasonable time of support and specially targeted assistance programs designed to enable them to achieve self-reliance, rather than policies which doom them to becoming a burden on society as a whole.

We have the experience for cost-effective refugee programing in the United States. Let us apply that experience as effectively as we can.

In closing, I would like to say that the refugee community is committed to achieving self-sufficiency, and welcomes any reasonable plan to reach that goal as mandated by the Congress.

Thank you.

Senator SIMPSON. Thank you very much, Mr. Khoa.

Wells Klein, please.

STATEMENT OF WELLS C. KLEIN, U.S. COMMITTEE FOR REFUGEES, AMERICAN COUNCIL FOR NATIONALITIES SERVICE, ON BEHALF OF THE COMMITTEE ON MIGRATION AND REFUGEE AFFAIRS, AMERICAN COUNCIL OF VOLUNTARY AGENCIES FOR FOREIGN SERVICE

Mr. KLEIN. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommittee, I am Wells C. Klein, executive director of the American Council for Nationalities Service. I am here today representing the views of the Committee on Migration and Refugee Affairs of the American Council of Voluntary Agencies for Foreign Service [ACVAFS] on the proposed revisions to refugee cash and medical assistance regulations. The agencies joining in this testimony are: American Council for Nationalities Service; American Fund for Czechoslovak Refugees; Buddhist Council for Refugee Rescue and Resettlement; Church World Service; HIAS; International Rescue Committee; Lutheran Immigration and Refugee Service; Migration and Refugee Services, United States Catholic Conference; Polish American Immigration and Relief Committee; The Presiding Bishop's Fund for World Relief/The Episcopal Church; Tolstoy Foundation; World Relief; and Young Men's Christian Association.

As perhaps you know, the ACVAFS is an umbrella entity of 45 humanitarian and development assistance organizations. Voluntary agencies involved in domestic resettlement of refugees come together as a Standing Committee of the American Council to promote coordination within the private sector on behalf of sound resettlement. We are, Mr. Chairman, part of a resettlement system that involves many other parties, including the Federal Government, State and local governments, and refugees themselves. We seek to foster continued cooperation by all of these parties so that this Nation can continue to participate meaningfully in resettling that portion of the world's refugees for whom other viable alternatives do not exist. It is within this framework that we express today our concerns regarding the proposed regulation changes.

Mr. Chairman, voluntary agencies working in the field of resettlement have long advocated restricting the current easy availability of cash assistance to refugees. We believe that the current system frequently seduces those who could work or could work sooner into a lifestyle of dependency. It often has the result of compromising the generally high motivation of refugees to regain self-sufficiency in our society. Therefore, we support the intent of the proposed regulations. We have, however, some serious reservations regarding both the content and the implementation of the regulation.

The resettlement system is a complicated one involving a partnership between the public and private sectors. Our colleagues from State and local governments have provided many knowledgeable and useful comments in their responss to the proposed regulations with which we are by and large in agreement. We will not try to deal with the technical detail of these issues here. We do, however, want to make several points on behalf of the resettlement agencies, some of which we believe are shared by our public sector partners:

First, in admitting refugees, we as a nation make a commitment to help them overcome the particular disadvantages deriving from being refugees, and to assist them to achieve economic and social self-sufficiency as rapidly as possible. We also make a commitment to insure that refugee resettlement does not place undue or unequal burdens on local communities in which refugees resettle or on the public services provided by these communities. The admission of refugees for resettlement here is a Federal policy and their effective resettlement remains a Federal responsibility. While we support the direction of restricting the availability of cash assistance, our support is only with the framework of responsible implementation of these principles.

Second, most informed participants in the resettlment system have known for some time that the planned availability of funding in fiscal year 1982 for the Office of Refugee Resettlement was inadequate to support the continuation of current cash and medical assistance policy. There has been time for HHS to propose modifications in a reasonable and orderly fashion. Thus the unrealistic timelines proposed for implementation, particularly at a time when the economy at large is strained, recognize neither the delicate nature of the resettlment system nor the needs of States, agencies, and dependent refugees. States need time to modify or work out new systems, particularly where general assistance programs are locally administered, to resolve issues of liability and in many instances even to obtain legislative authority to exercise the options available to them under the proposed regulations. As social agencies one of our paramount concerns is for the refugee on the receiving end of these public policy changes. While individual hardships are the inevitable result of such changes, we urge that these changes be implemented in such a way that individual refugees and their families can appropriately plan for their future. A realistic understanding of the administrative needs of States and localities as well as the need for reasonable planning by and with affected refugees can only lead to a more realistic implementation date.

Third, we believe that the circumstances of Cuban and Haitian entrants represent a unique problem in terms of their resettlement needs and their impact on local communities. We are very concerned that, in severely impacted States such as Florida, the effective elimination of benefits after 18 months will result in dumping large numbers of unprepared entrants onto already hurting communities. This is compounded by the lack of clarity within the proposed regulation as to whether or not a needy entrant will be in a position to participate for a full 18 months in these programs, if needed, once he or she has left a holding facility and entered an American community. At what point does the Government begin counting to 18?

Fourth, we are also deeply concerned that the current proposed regulations represent a continuation of our piecemeal approach to refugee resettlement, one which will inevitably result in further hue and cry across the land. The problem is that we have no clear, comprehensive, well thought out resettlement policy. The weakness of these regulations is that they address only one part of a complex and interrelated system. These proposed regulations are designed to save money. While this is necessary, our persistent failure to rethink and rationalize our entire approach to domestic resettlement causes all of the parties to rest uneasy.

Fifth, we believe, taking all these factors together, that the net result of the current approach will be to erode the support of the general public and State and local officials for continued admission of refugees for whom viable alternatives do not exist. The current approach threatens to undermine the resettlement system, a system which this country needs for its own longer range foreign policy and humanitarian interests. Conditions in the world being what they are, we need that system in place now and in the future regardless of year to year levels of admissions.

To avoid these negative results we propose the following:

First, a comprehensive rethinking of the system with Federal leadership and open dialog between all of the system's participants. We need to examine if the use of the public welfare system as the lynch-pin for domestic resettlement is programmatically sound and cost effective. We do not think it is, and we urge a serious examination of alternatives.

Second, a timeframe for implementation of this proposal or any other significant changes in policy must take into account the realistic administrative and legislative needs of States and localities, and the case planning needs of the voluntary resettlement agencies.

In conclusion, Mr. Chairman, we support reducing the welfare portion of this program. Sound rethinking, dialog between the concerned parties, and responsiveness to the real resettlement needs of refugees can permit us to achieve this goal and still avoid the pitfalls we have enumerated.

Senator SIMPSON. Thank you very much, Mr. Klein.

Now, Mr. Herrity.

STATEMENT OF JOHN F. HERRITY, CHAIRMAN, FAIRFAX COUNTY BOARD OF SUPERVISORS, FAIRFAX, VA.

Mr. HERRITY. Mr. Chairman, members of the subcommittee, I am John F. Herrity, chairman of the Fairfax County Board of Supervisors.

I am pleased to have the opportunity to speak on behalf of Fairfax County regarding the timely and important issue of refugee resettlement.

Fairfax County has a current refugee population of approximately 6,000 which, if I recall the testimony from Oregon, it is about the same number as the whole State of Oregon, which represents 1 out of every 100 residents of the county. First migration refugees are currently arriving in our county at the rate of 70 per month. Currently, there are 1,500 refugee households receiving public assistance in our county.

Even though practically all new arrivals have had 12 weeks of language training and cultural orientation while in the refugee camps, we are finding that they require more intensive and extensive resettlement services than those who arrived in previous years. This is because of a large percentage come from lower socioeconomic and educational strata.

As noted in our comments submitted to the Office of Refugee Resettlement on January 11 of this year, Fairfax County supports the proposed 18-month limitation on cash assistance benefits for refugees as long as we can be assured that localities will receive enough funds to provide the social services necessary to assist the refugees in becoming self-sufficient within the 18 months alloted.

We are in favor of the 18-month limitation for the following reasons:

Our analysis of our current caseload has shown that if Virginia chooses to seek Federal reimbursement for those costs incurred for refugees under the Virginia general relief program during a refugee's second 18 months, the fiscal impact upon the county would be minimal.

Approximately 50 percent of the current refugee recipients would lose eligibility due to the 18-month limit, but 90 percent of those affected would be eligible for at least 3 more months of benefits under our general relief program. During this transition period, we believe that this will allow sufficient time for refugees to find employment.

Research has shown that most refugees begin in entry level jobs regardless of length of stay in the United States. A study conducted by our neighboring county, Arlington, Va., has shown that the job market dictates employment opportunities for the refugee more than the training he or she has received. This being the case, we are doing no favors for the refugee or for the taxpayer by maintaining the 36-month availability of public assistance.

Refugees who are illiterate in their own language can attend free intensive English as a second language classes for 40 weeks and possess the minimum language skills necessary to continue their learning on the job. Thereafter, language skills will improve only with practice.

We suggest that the marketplace is the best place for such practice. Further, employed refugees can avail themselves of intermediate and advanced level English as a second language classes to improve their language skills.

The elimination of the 36-month eligibility may help reduce the community tension and prejudices that are developing because of the special treatment which some members of the community feel is being given to the newly arrived refugee.

We are concerned about medical coverage for refugees after the 18-month period has expired. Since many of the entry level jobs that the refugees will be taking do not provide medical benefits, we fear that strains will be placed upon Virginia State and local hospitalization program for in-patient care and that emergency rooms of hospitals will become the chief provider of out-patient care. Since we believe services to refugees to be a Federal responsibility, we believe Federal assistance for medical care should be continued.

While Fairfax County receives a current average of 70 first migration refugees per month, we are experiencing refugee applications for public assistance at the rate of 125 per month. This means that refugees are moving to Fairfax from other localities because of the services and cash assistance benefits available.

Continuation of this trend of secondary migration will create a strain on our ability to provide quality services. Since we know that this is also happening in other heavily impacted areas around the country, we support the implementation of an impact aid program for refugees which will include sufficient funds to meet the needs of the population.

In conclusion, we in Fairfax County have found refugees to be an industrious population which is able to quickly become an asset to our community. We feel it is our responsibility to provide social adjustment, English language training, health services, and employment assistance to these new members of our community.

If these services are available at adequate levels, we feel that an 18-month period is long enough to enable refugees to become self-sufficient. We believe it is a Federal responsibility to provide the requisite funds to enable us to do our job. To date, the funds have not been adequate.

Thank you for the opportunity to express our views.

Senator SIMPSON. Thank you very much, Mr. Herrity.

How many members are on that board, is that a three-member board?

Mr. HERRITY. There are nine members.

Senator SIMPSON. Nine members?

Mr. HERRITY. Yes, Senator, five Democrats and four Republicans. It is an elected board.

Senator SIMPSON. That is one of the burdens of public life.

Your remarks are very interesting, and I appreciate having them.

We have a rollcall vote coming up, but I am going to try to proceed with some questions.

While you are here, Mr. Herrity, let me ask you. You indicate that "Fairfax County is experiencing significant levels of secondary migration because of the services and cash assistance benefits available." That is your quote. If general assistance is only provided for 3 months in Fairfax County, what are the additional services and cash assistance benefits which are attracting refugees?

How do you come to feel that this secondary migration is being stimulated by increased benefits, rather than other factors, say, such as family reunification?

Mr. HERRITY. I would say that our English as a second language program is probably a model for the country in terms of its implementation, and that has been one factor. But I there are other factors, probably the economy of Fairfax County. I might quote from a Washington Post article of January 25, an article on regional business:

> The Metropolitan Washington Fairfax has become the indisputable economic powerhouse. To the extent that the area as a whole is protected from the real decline that would be translated into recession, it is because of continued growth in northern Virginia, and particularly in Fairfax County.
>
> Not only does this county have the highest family incomes overall, it is really an affluent metropolitan region, and it is also the envy of other jurisdictions in the metropolitan area in terms of business expansion. In 10 years, from 1971 to 1981, this growth included 1,075 new companies and $14.9 million worth of business, building space, and about 55,000 new jobs.

So there is a combination of factors, I believe, in this region that would attract one to Fairfax County in addition to public assistance.

Senator SIMPSON. If Fairfax County had a general assistance program which lasted 18 months beyond the Federal resettlement program, would you still favor these regulations?

Mr. HERRITY. I think if we had the 18 months plus the impact due to the second migration, that would satisfy our needs.

I personally believe, and I believe the board of supervisors believes, that there is some point in time when people have to become self-sufficient, otherwise they become addicted to the Federal breast. When the addiction occurs at a point in a person's life, you never get off of it.

As I pointed out in my statement, most of these people are coming in at low entry level jobs that are not particular attractive unless you have to go out and look for a job and work at it. I believe that when you spend 36 months in a welfare situation, after a while you become addicted to it.

So 18 months, in my opinion, makes sense in terms of what is really happening in the economy. If you ever expect to achieve independence of these people, you have got to stop at some point.

Senator SIMPSON. I thank you.

Mr. Khoa, we have heard testimony today, and in previous hearings, that the 36-month eligibility for benefits currently available fosters a belief, as Mr. Herrity has mentioned, among all refugees that there is an entitlement to those benefits, therefore, a discouragement of them to achieve self-sufficiency, this viewpoint comes to us periodically from witnesses and correspondence stating that current policy discourages refugees to achieve self-sufficiency in a shorter period of time.

As a recognized leader in the Washington, D.C., area refugee community, do you find that this perception is in fact accurate among refugees?

Of course, we are also informed and our correspondence indicates that high dependency rates are due in part to the practice of allowing refugees who are themselves receiving public assistance to sponsor additional refugees, as we have heard today. I would appreciate your comments on that.

Mr. KHOA. Yes, Mr. Chairman, as I suggest in one of my recommendations, the period of eligibility of the refugees may be applied flexibly according to different categories of refugees. Single adults, for example, I don't think that they need an equal time as the older people, or AFDC people, or even childless couples but older of age. That depends on the category, on the capacity of the refugees where we can apply flexibility.

Senator SIMPSON. We had excellent testimony a few months ago from an Indochinese refugee sponsorship group attesting to what I think is an acknowledged fact—inherent and historical work ethic of the Indochinese refugee.

What have we done in our refugee resettlement policies which has resulted in the present 67-percent dependency rate?

Mr. KHOA. The high rate of dependency can be accounted for by the fact that the recent waves of refugees, the newly arrived refugees are much less educated people. They need more assistance in terms of language and skills training. Many of them, as you might be aware of, are not only illiterate or less educated people than the previous waves, but also they are very poor people, having no marketable skills and they have experienced extremely traumatic circumstances during their escape. They depend heavily on their relatives who have been here before for some period of time.

Senator SIMPSON. Do you think we need to take some corrective measures in eligibility criteria for sponsors?

Mr. KHOA. I beg your pardon?

Senator SIMPSON. Those who sponsor, do you think we need to take some measures to be sure that those who sponsor these individuals are in every respect capable of sponsoring them and do not have some of the problems that those they are receiving have?

Mr. KHOA. There is a suggestion that welfare recipients should not sponsor relatives to this country. I think that the idea is acceptable, but in order to avoid the tragedy of people waiting too long in the camps, I would suggest that the refugee communities, the mutual assistance associations sponsor those refugees.

Senator SIMPSON. Thank you very much.

Mr. Klein, you indicate in your testimony that the voluntary agencies in resettlement have long advocated restricting what you term the "current easy availability" of cash assistance to refugees.

What degree of restriction do you view as acceptable? To what extent do you believe that limiting access to those benefits will correctly promote refugee self-sufficiency?

Mr. KLEIN. Mr. Chairman, we have not discussed specific limitations. I will give you some thoughts of my own which I think will probably be in the ballpark.

I think we feel that those who are AFDC and SSI eligible should be put on AFDC and SSI immediately, if they are eligible by definition. I think we would like to see a relatively short period of eligibility for those who fall under the waiver of categorical relatedness.

In fact, I think that some of us feel quite strongly that perhaps those waivers should not exist at all, and that there should be some other form of interim support to assist these people over the hump, or the first 6, 8, 10, or 12 months, or whatever it would be, but they should not enter into the public assistance system except as categorically eligible.

Senator SIMPSON. Do you recall, you may have been testifying that day, we heard testimony one previous time during the refugee consultation that 90 percent of new refugees arriving in San Diego County were going into public assistance within the first 10 days they were in the United States.

What is the reason for such a high level of dependency during a period when not only the voluntary agencies but the sponsors are historically, and we believe to be, caring for the refugee and encouraging him to become self-sufficient?

What effect, if any, would the proposed regulations have on that kind of occurrence?

Mr. KLEIN. I believe that it will have no effect on that. I think that occurrence, and it is quite true that in a number of places the refugees are encouraged to go to the public assistance office soon after arrival, and that is simply because the period of time it takes between application for public assistance and receiving the first check can go 8, 12, or 14 weeks—for the record, I can submit some information from San Francisco, very precise information on that—so that the voluntary agency is in the position of having to take a gamble.

If they do not register the refugee for public assistance early on, and if it is not possible to find that refugee a job which that refugee will stay in, at the end of a 4- or 8-week period, you have a refugee with no support system, and the voluntary agency having no funding available, and this multiplies many times over, so that we are caught in a bind there.

It has to do with how long it takes to receive public assistance once registered. There are many other variables, but that is the primary one.

Senator SIMPSON. I have a note that they are not going to hold that vote but for another 3 minutes, so I must wind up. I could come back. I have some other questions that I would like to submit to you, Mr. Klein, and you have always been most helpful to the subcommittee. I will submit those in writing.

I appreciate your testimony, and rather than come back and delay you all, we will terminate the hearing.

Mr. KLEIN. Could I make one 15-second comment, Mr. Chairman, on the question of sponsorship.

Senator SIMPSON. Yes.

Mr. KLEIN. I think that it is important to hear that for the record.

In no case is a dependent family a refugee sponsor. In every case, it is the voluntary agency or its local affiliate or the church that is the sponsor. Local refugees are the anchor relatives. The incoming refugee may go and live with that family, but the responsibility for that incoming refugee rests with the voluntary agency. If that voluntary agency does not exercise that responsibility, then that voluntary agency is at fault. But the system is that the voluntary agency itself is the sponsor.

Senator SIMPSON. I think we will want to pursue the relationship between the sponsoring agency and the anchor relative, that may be what we want to address.

Thank you so much. I appreciate it very much.

[Whereupon, at 4:25 p.m., the subcommittee adjourned, subject to call of the Chair.]

APPENDIX

THE CITY OF PORTLAND, OREG.,
OFFICE OF PUBLIC SAFETY,
Portland, Oreg., February 5, 1982.

Hon. ALAN SIMPSON,
Chairman, Senate Subcommittee on Immigration and Refugees,
Washington, D.C.

DEAR SENATOR SIMPSON: I am enclosing written testimony regarding the effects of the Office of Refugee Resettlement's proposed rule change.

While I realize that you will hear testimony from the State of Oregon regarding the change, I hope you will also consider my testimony to the effects of the change on the City of Portland in your committee deliberations.

There has been a consistent lack of opportunity for local government to participate in the decisions regarding refugee programming. This is most unfortunate as it is the cities and towns of this country which are doing the day to day work of resettlement.

Thank you for your consideration.

Sincerely,

CHARLES R. JORDAN,
Commissioner of Public Safety.

Enclosure.

PREPARED STATEMENT OF CITY COMMISSIONER CHARLES JORDAN, PORTLAND, OREG.

Submitted to: Senator Alan Simpson, Senate Subcommittee on Immigration and Refugees, Room A-509, Senate Annex, 119 D St., N.E., Washington, D.C. 20510.

The City of Portland, Oregon has been participating in the resettlement of refugees since the first Vietnam refugees arrived in 1975. There are now over 12,000 refugees in the city from Vietnam, Laos, Cambodia, Ethiopia, Poland and Afghanistan. Our city, and our state rank among the top three in the nation for number of refugees per capita.

The recent Federal proposal to limit assistance to refugees will have a severely detrimental effect on the refugees living in Oregon and on the resources and facilities of our community. Washington is the only other state which stands to suffer such an adverse affect from the policy. The reason Oregon and Washington will be so devastatingly affected is that neither state has a general assistance welfare program. All of the other states resettling refugees will continue to receive federal reimbursements to their general assistance programs for serving refugees.

The result of the implementation of the new policy will be that 6,000 Oregon and 9,000 Washington refugees will be denied assistance and will not qualify for any other form of support. To put the impact of this into proper perspective, the following facts are important:

1. 70 percent of the refugees entering Oregon in the last 2 years are illiterate in their own language. They are without transferable job skills.

2. Oregon's unemployment rate is currently 11.4 percent and rising; The unemployment rate of refugees in Oregon is 50 percent. In other words, for every refugee seeking a job there are 52 unemployed non-refugees seeking one as well.

3. Over 90 percent of the refugees coming into Oregon apply for and receive cash and medical assistance. 63 percent of the refugees in the state all currently depend on public assistance.

4. Oregon's legislature is meeting at this moment to find solutions to a $257 million deficit for the current bienium. Many programs which help needy of our state are facing massive budget cuts for the second time in less than a year. Economic factors have similarly affected city and county budgets.

As a community, Portland has been receptive and helpful to the effort. We cannot, however, provide that basic support these new residents require. The Office of Refugee Resettlement obviously has not recognized the unique situation of our city and state. They are proceeding with the implementation of new policy as though they are deaf to our concerns. They set aside $20 million for impact aid and then earmarked that aid for entrants. Refugees will not qualify.

Faced with what seems to be the inevitability of federal abandonment, we are very concerned. Our refugees face homelessness and fear. They see their options to be either moving to a general assistance state (California) or divorce or suicide, which would qualify their families for Oregon Aid to Dependent Children benefits.

We need the help of our representatives in Congress. Will you please speak for the continued assistance to our refugees or to the provision of funds to assist those of us who are disproportionately affected by this program.

Thank you for your consideration.

PREPARED STATEMENT OF GREATER MIAMI UNITED, INC., BY LAURIE A. RASKIN, EXECUTIVE DIRECTOR

Greater Miami United is a tri-ethnic urban coalition of economic and community leaders formed following the civil disturbances of 1980 and the refugee influx of that year. Its purpose is to provide a forum for the discussion, study and resolution of community problems. The participation of the major ethnic groups is essential as no aspect of Miami's economic or civic growth can proceed without concern for the needs and strains in our community.

Federal action and policy with regard to immigration have created a very different Miami over the last twenty years. The first influx of Cuban refugees in the 1960's gave rise to a bilingual, multi-cultural community. Over the years, the strains of living together were balanced by the benefit of a growing financial and business community, enhanced by the large Spanish language population. The arrival of Cubans and Haitians in 1980 was a very different matter.

The "Marielitos", over 120,000 strong, were called the "worms and scum" by Castro. While it is estimated that no more than a few percent were criminals or social misfits, the small number has been enough to reverse the image and acceptance of the refugees and Cuban Americans.

The backlash from Mariel included a referendum which banned the official use of any language other than English. Thousands of whites moved away from Miami. This backlash has shocked and isolated the Cuban community just when they were becoming a part of mainstream Miami.

The nearly 50,000 Haitians living in Miami have never received the welcome or experienced the economic success of the Cubans. They are unemployed, intolerably housed and poor. There are, of course, the 600 Haitians living in the Krome Refugee Camp. These people have been detained since last summer in conditions worse than what we provide for convicted criminals in this country. Moreover, the likelihood of their being released by Executive action is remote and the legal processing of their asylum claims, including appeal, could drag on for as long as three years. This camp is an open wound in our community and the source of constant aggravation, turbulence and community disruption. It is considered an example of racist United States policy by black Miamians and others of conscience.

This is what Federal policy and action have brought Miami.

We urge you to consider Miami in your deliberation on what the immigration law and policy should be. No other community should be asked to pay this price. We should not be made to pay this price. The following are areas which should be part of the protections to states and local communities which you include in the law and policy.

FEDERAL FINANCIAL RESPONSIBILITY

Sufficient financial support should be provided to communities who welcome and settle refugees. Federal responsibility should not be forgotten once refugees have entered this country. That responsibility must continue until refugees can become self-sustaining and productive residents and citizens.

In March the Secretary of Health and Human Services proposes to implement regulations which will shorten the length of time Cuban and Haitian entrants will receive medical and cash assistance. Taxpayers in Dade County will not be asked to absorb, not only the social and psychological costs of the refugee influx, but the financial costs as well. Thirty-six million dollars this year! The action is outrageous and unconscionable!

We urge the continuance of Federal financial responsibility for Cuban/Haitian Entrants. We are opposed to the impact aid program being proposed as a substitute for the existing cash and medical assistance programs. We are opposed to the transfer of Federal funds designed to assist refugees to use for detention and maintenance costs of federal facilities. Finally, we are in favor of full reimbursement to State and local governments and private agencies for the costs incurred in assisting refugees and entrants.

THE LEGAL PROCESS

A speedy and non-discriminatory legal process should be employed to determine asylum claims and otherwise process refugees. A swift legal process would prevent the long-term detention of refugees which is inhumane and inconsistent with our fundamental values as a nation.

FOREIGN POLICY

We support foreign policy approaches to the resolution of problems facing nations in our region. The economic and political problems of Caribbean basin countries will continue to produce refugees if Federal attention is not considered.

CONCLUSION

Our community is a tinderbox of ethnic tension, a social system in fragile balance. We are trying to do what we can from within. The Federal government must accept its share of the responsibility for our situation and make a positive—not a negative—contribution.

State of Minnesota,
Department of Public Welfare,
St. Paul, Minn., February 23, 1982.

Hon. Alan K. Simpson,
Chair, Subcommittee on Immigration and Refugee Policy,
U.S. Senate, Washington, D.C.

Dear Senator Simpson: The State of Minnesota is pleased to present testimony to the Senate Subcommittee on Immigration and Refugee Policy.

We appreciate the Committee's February 9, 1982 hearing concerning the proposed regulations governing the Refugee Assistance Program.

If we can be of further assistance, please let us know.

Thank you.

Sincerely,

Arthur E. Noot, *Commissioner.*

Prepared Statement by the State of Minnesota, Regarding the Proposed Policy Changes in Cash and Medical Assistance for Refugees and Entrants

We appreciate the opportunity to respond in this special hearing to the proposed "18 month regulations" for the Refugee Assistance Program as outlined in Vol. 46, No. 238 of the Federal Register, dated December 11, 1981.

Minnesota's statement to the subcommittee is composed of two sections:

I. The Minnesota Situation.
II. Proposed Policy Comments.

I. THE MINNESOTA SITUATION

Minnesota's Indochinese refugee population of 25,000 ranks in the top five impacted states nationally. The Twin Cities of Minneapolis and St. Paul are home to 10,000 Hmong refugees from Laos, making that metropolitan area the largest concentration of preliterate refugees in the United States. In the last two calendar years, 1980 and 1981, 41 percent of the new arrivals to the State of Minnesota have been secondary migrants. Most of these persons have become welfare recipients.

The current Minnesota cash assistance caseload

1. Half of the 13,978 Indochinese currently receiving cash assistance in Minnesota have been in the United States 18 months or longer.

2. Of the 13,978 Indochinese receiving cash assistance, 10,298 are "special refugee assistance" (non-AFDC, non-MA) eligible. Of those, only 1,261 are single persons. The remaining 9,037 are in families. These noncategorically eligible persons are most vulnerable to the proposed 18 month regulation.

Current public assistance programs in Minnesota

1. While Minnesota's AFDC program does offer a program to intact families (AFDC-Unemployed Parent), most non-categorically eligible refugee families do not qualify for AFDC-UP because of the required quarters of work.

2. The General Assistance (GA) program in Minnesota was drastically reduced on July 1, 1981. Under the new Minnesota law, "unemployable" persons who qualify for GA may receive assistance for five weeks every calendar year.

3. Exemptions for "unemployability" exist under the new GA law, including inability to speak English sufficiently to be "employable". The state-supervised, county-administered program permits discretion by the counties in their interpretation of a refugees's eligibility for GA past the five week proviso.

4. In Minnesota, the General Assistance Medical Care (GAMC) reimbursement rate is 35% less than the established Medical Assistance (Title XIX) rate for inpatient services, and 25 percent less than the established Medical Assistance rate for out-patient services. Excluded are public health nurse visits which are essential for monitoring of treatment compliance. It is expected that refugees might not seek care since they will be billed for services. It is also likely that refugees will be denied services because of the diminished reimbursement rate.

II. PROPOSED POLICY COMMENTS

1. The objectives of the proposed policy changes (i.e., to reduce unnecessary dependency and special treatment afforded to refugees and to relieve states of costs) are untested speculations, and obscure the basic federal objective of cutting federal costs.

2. The Department of Health and Human Services/Office of Refugee Resettlement has not formally consulted states or local governments in any kind of adequate or timely process during the development of the proposed regulations.

3. The proposed regulations are extremely shortsighted in terms of their true impact on refugees as well as state and local governments.

(a) In the attempt to reduce "unnecessary welfare dependency" the proposed regulations neglect the special needs of the Hmong and other pre-literate refugee/entrant populations. These regulations do not allow for adequate time to prepare the Hmong and others for successful financial independence and increase the likelihood of a new welfare dependent group in America. The long-term costs for such dependency will far exceed the temporary financial assistance given to pre-literate refugees. Minnesota currently has about 10,000 Hmong. Seventy-five percent are receiving public assistance while they take English classes and learn applicable job skills.

(b) In a time of extensive cutbacks at both the state and local level, shifting the financial burden from the federal to the local level greatly increase the problems of community tensions and racial biases. Trying to spread reduced local resources to cover a new low-income group puts one group against another.

The implementation of such regulations increases the likelihood of the creation of an additional disadvantaged group in our society.

4. The patchwork of General Assistance throughout the country denies equity to post-18 month refugee/entrants and could increase secondary migration to the states and localities with General Assistance programs.

5. The current administration of the Refugee Program by the federal government is creating unnecessary crises which could be eliminated through:

(a) Annual allocations;
(b) Adequate allocations; and
(c) Funding which arrives prior to the beginning of the period for which it is intended.

6. Congress should give strong consideration to a supplemental appropriation for the Refugee Assistance Program during fiscal year 1982 to maintain the current 36 month regulations. This relatively modest outlay would allow for phased-in implementation of the 18 month rule or to give further study to alternatives during this year of reauthorization of the Refugee Act.

7. Social Services are vital to refugees' attainment of self-sufficiency in this country. Particularly in this era of the "non-traditional" refugee, cultural gaps, language and educational barriers, limited economic opportunities and an underlying racism, these newcomers need the "advantage" which effective social services can give.

8. The great inadequacy in the availability of medical care under most General Assistance type programs provides additional problems for the health status of refugees. Already compromised by the ravages of escape from their country and long internments in camp, the prospect for continued improvement in health status is seriously threatened by the 18 month cut-off of federally funded services.

Many General Assistance programs do not cover the types of health care services needed (i.e., dental care, health screenings, public health nurse visits in the home, etc.).

The Refugee Act of 1980 is the enabling legislation for the Refugee Program today. One of the two major objectives of the Act was to "provide comprehensive and uniform provisions for the effective resettlement and absorption of those refugees who are admitted".

The proposed regulations violate this basic objective of the Refugee Act and create more than one class of refugee under the law. Such policy change represents a dramatic shift from the long deliberations which forged the Refugee Act of 1980. We appreciate the need to contain costs, however, trimming the federal budget does not ameliorate the need.

We realize the refugee "problem" is felt most deeply in only a few states. This must not detract from the critical need for the administration and Congress to recognize their obligations and respond with support.

This program, more than any other operated by the Department of Health and Human Services exists because of federal decisions and commitments. The major impact of those decisions is felt at the local—not the national—level. At a time when greater numbers of refugees with more diversity of cultures, languages, and needs enter our country and our communities, uneven policies and inadequate, untimely and uncertain resources reduce states' capabilities to deal with this federally imposed clientele.

We thank you for your leadership and look forward to your support.

Sincerely,

ARTHUR E. NOOT, *Commissioner.*

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